DOCUMENT RESUME

ED 228 926 HE 016 095

TITLE	Study of the Cost to Deliver Student Financial Aid on Campus. Final Report.
INSTITUTION	Touche Ross and Co., Washington, D.C.
SPONS AGENCY	National Commission on Student Financial Assistance, Washington, DC.
PUB DATE	[83]
NOTE	172p.
PUB TYPE	Reports - Evaluative/Feasibility (142)
EDRS PRICE	MF01/PC07 Plus Postage.
DESCRIPTORS	Delivery Systems; Eligibility; *Expenditure Per Student; Financial Aid Applicants; Higher Education; Need Analysis (Student Financial Aid); *Operating Expenses; *Program Administration; *Program Costs; Program Evaluation; Resource Allocation; School Accounting; School Surveys; *Student Financial Aid
IDENTIFIERS	*National Comm on Student Financial Assistance

ABSTRACT

The administrative costs of the student financial aid delivery process at postsecondary institutions were analyzed. After reviewing the literature and interviewing selected experts, 1982 cost data at nine institutions were studied: three public and two private colleges, two community colleges, and two proprietary institutions. Costs were classified into six functions: outreach, application processing, and counseling; needs analysis and eligibility determination; packaging and awarding activities; reporting, regulatory reviews, and program audits; accounting and collections; and other administrative functions. Based on the data analysis and interview findings, observations were made regarding functions and staffing patterns, delivery system costs, and management perspectives of financial aid officers. Full-time equivalent staffing patterns, the use of student labor in the campus financial aid process, and staffing ratios were examined, along with personnel costs, other operating costs, costs by function, costs by program, and administrative cost allowance. The cost allocation methodology is described and information is presented on the operating characteristics of the institutions. Finally a summary of selected literature and a list of sources are included. (SW)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

Touche Ross & Co

ED228926

The opinions expressed do not necessarily reflect the position of the National Commission on Student Financial Assistance.

FINAL REPORT

STUDY OF THE COST TO DELIVER STUDENT FINANCIAL AID ON CAMPUS

THE NATIONAL COMMISSION ON STUDENT FINANCIAL ASSISTANCE

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

National Commission o
on Student Financial
Assistance

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

- This document has been reproduced as received from the person or organization originating it.
- Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

HE 016 075

TABLE OF CONTENTS

		Page
	EXECUTIVE SUMMARY	
I.	APPROACH AND COST ALLOCATION METHODOLOGY.....	I-1
	A. APPROACH.....	I-1
	B. COST ALLOCATION METHODOLOGY.....	I-6
II.	CAMPUS FINANCIAL AID PROCESS: FUNCTIONS AND STAFFING PATTERNS.....	II-1
	A. FINANCIAL AID FUNCTIONAL ACTIVITIES.....	II-1
	B. FULL-TIME EQUIVALENT STAFFING PATTERNS.....	II-2
	C. USE OF STUDENT LABOR IN THE CAMPUS FINANCIAL AID PROCESS.....	II-8
	D. STAFFING RATIOS.....	II-12
	E. SUMMARY OF MAJOR OBSERVATIONS.....	II-16
III.	CAMPUS FINANCIAL AID PROCESS: DELIVERY SYSTEM COSTS...	III-1
	A. PERSONNEL COSTS.....	III-1
	B. OTHER OPERATING COSTS.....	III-3
	C. COSTS BY FUNCTION.....	III-6
	D. COSTS BY PROGRAM.....	III-10
	E. ADMINISTRATIVE COST ALLOWANCE.....	III-21
	F. SUMMARY OF MAJOR OBSERVATIONS.....	III-23
IV.	CAMPUS FINANCIAL AID PROCESS: MANAGEMENT PERSPECTIVES OF FINANCIAL AID OFFICERS.....	IV-1
	A. FINANCIAL AID MANAGEMENT PRACTICES.....	IV-1
	B. THE IMPACT OF REGULATORY REQUIREMENTS.....	IV-4
	APPENDIX A - OVERVIEW AND OPERATING CHARACTERISTICS OF THE INSTITUTIONS STUDIED.....	A-1
	APPENDIX B - SUMMARY OF SELECTED LITERATURE AND LIST OF SOURCES.....	B-1

LIST OF EXHIBITS

Number	Title	Page
I-1	Sources Contacted	I-9
I-2	Data Collection Guide Content	I-10
II-1	Campus Financial Aid Functions	II-20
II-2	Staffing Patterns: Summary by Type of Institution	II-23
II-3	Public Institution: FTE's by Function	II-25
II-4	Private Institutions: FTE's by Function	II-27
II-5	Community Colleges: FTE's by Function	II-29
II-6	Proprietary Institutions: FTE's by Function	II-31
II-7	Distribution of Full-time Equivalent Staff	II-33
II-8	Percentage Distribution of Student Labor by Function	II-34
II-9	Key Staffing Ratios	II-36
III-1	Personnel Costs as a Percentage of Total Costs	III-27
III-2	Compensation	III-28
III-3	Operating Cost Patterns of Insitutions Surveyed	III-29
III-4	Distribution of Total Costs by Major Function	III-30
III-5	Distribution of Total Costs by Activity: Outreach, Counseling and Application Distribution and Receipt	III-31
III-6	Distribution of Total Costs by Activity: Needs Analysis and Eligibility Determination	III-32
III-7	Distribution of Total Costs by Activity: Packaging and Awarding	III-33
III-8	Distribution of Total Costs by Activity: Reporting, Regulatory Reviews and Program Audits	III-34

LIST OF EXHIBITS

Number	Title	Page
III-9	Distribution of Total Costs by Activity: Accounting and Collections	III-35
III-10	Distribution of Total Costs by Activity: Administrative Activities	III-36
III-11	Total Administrative Costs by Program	III-37
III-12	Dollars of Aid Awarded by Program	III-38
III-13	Administrative Costs per Aid Recipient	III-39
III-14	Administrative Costs per $100 of Aid Awarded	III-40
III-15	NDSL Current and Collections Costs	III-41
III-16	Administrative Costs Per Unduplicated Recipient	III-42
III-17	Administrative Cost Allowance	III-43
III-18	Estimate of Federal Funding for Student Employees Participating in Financial Aid Activities	III-44
III-19	Administrative Cost Allowance Including CWS Subsidy	III-45
A-1	Characteristics of Institutions Studied	III-46
A-2	Financial Aid Programs Offered	III-47

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The objective of this study was to identify and analyze the administrative costs of the student financial aid delivery process on campuses of postsecondary institutions. This section summarizes the approach, methodology and major observations of the study.

APPROACH AND METHODOLOGY

The study had two phases. The first phase involved the collection, review and consolidation of existing information. We reviewed current literature and conducted a series of interviews with selected knowledgeable individuals. In conjunction with Commission staff, we identified nine institutions to study during the second phase.

The institutions were selected from the four major categories of postsecondary schools and included three public institutions, two private institutions, two community colleges and two proprietary institutions.

During the second phase of the study we collected and evaluated empirical cost data for FY 1982 at the nine institutions. To accomplish this, we developed a cost allocation methodology and on-site review guide. All direct and indirect costs incurred by the institutions in the financial aid delivery

process were included in the study. No state or federal costs were included. We accumulated costs by category and allocated them to six major financial aid functions:

- Outreach, application processing and counseling;
- Needs analysis and eligibility determination;
- Packaging and awarding activities;
- Reporting, regulatory reviews and program audits;
- Accounting and collections; and
- Other administrative functions.

Costs by financial aid program were estimated based on program volume and level of effort to administer the programs.

SUMMARY OF MAJOR OBSERVATIONS

Based on analysis of cost data and interviews with financial aid officers, we made observations on three areas of the financial aid process. These areas are:

- Functions and staffing patterns;
- Delivery system costs; and
- Management perspectives of financial aid officers.

It should be noted that these observations are based on data collection and interviews at only nine institutions. Consequently, these observations should be considered as working hypotheses subject to further verification.

A. Functions and Staffing Patterns

1. In terms of the average proportionate level of effort expended, the major functions in the campus financial and process may be rank ordered as follows:

a. Heavy Effort

- Outreach, counseling and application distribution and receipt
- Accounting and collection

b. Medium Effort

- Needs analysis and eligibility determination
- Packaging and awarding
- Other administrative activities (e.g., personnel administration, planning, etc.)

c. Low Effort

- Reporting, regulatory reviews and program audits

2. The academic structure of an institution has an impact on the priority of different financial aid activities.

   - Proprietary institutions, with monthly admissions patterns, short (one-year) academic programs and therefore high student turnover, devote more effort to counseling activities than do institutions with longer programs.
   - Institutions with a greater number of academic periods (e.g., those schools on the quarter system rather than a semester system) spend proportionately more time on packaging and awarding activities.

3. The degree of automation of financial aid activities has a strong impact on staffing levels. Institutions that are highly automated devote less effort, in terms of full-time equivalent staff, per aid recipient than do institutions where operations are primarily manual. Institution C is located in the state of Pennsylvania which operates a statewide automated financial aid system. It appears that such a system allows for greater efficiency on campus.

4. Provision of subsidized services, such as the statewide automated financial aid system in the state of Pennsylvania, provides lower cost structures on campus.

5. Many institutions are highly dependent upon student employees in the delivery of financial assistance. Factors that contribute to the employment of students include budgetary and economical constraints, as well as commitment to provide student employment opportunities. Student employees are used primarily for nonprofessional activities like typing and filing and for peer counseling.

   To the extent student employees receive aid through the federal College Work Study program, the use of student employees constitutes a significant federal subsidy to the Financial Aid Office in terms of providing inexpensive labor.

6. Similar types of institutions require similar levels of effort per dollar of aid awarded. This appears to result from similarities in student populations, including income levels and average aid award levels, and tuition costs within types of institutions.

7. The number of full-time equivalent staff required to administer financial aid programs is dependent upon multiple factors:

   - The degree of automation of financial aid activities has a large impact on the staffing levels required. Institutions that are highly automated require fewer staff members per recipient to administer aid programs than do institutions with manual systems.

   - The level of service provided to students influences staffing requirements. High service levels in activities like counseling and job placement lead to high ratios of staff to recipients.

   - Institutions with geographically dispersed campus sites require higher staff levels per recipent than do institutions with single campuses or multiple campuses located in close proximity. Institutions with multiple campuses may have opportunities to improve efficiency by centralizing certain financial aid activities.

8. Staffing variations reflect opportunities to improve the efficiency of campus delivery systems. Such improvement can come from such practices as:

   - Increased automation;

   - Centralization of functions (multi-campus institutions);

- Monitoring staff performance ratios; and
- Periodic reviews of workflows to assure that activities are done in the most efficient manner.

B. Delivery System Costs

1. Opportunities exist to improve the efficiency of the financial aid delivery systems. There is very little relationship between the resources devoted to administering aid and the actual dollars awarded. The administratively most expensive programs do not deliver the most dollars of aid.

2. The campus financial aid process is highly labor intensive. Expressed as a percentage of total operating costs, personnel costs (salary and benefits) ranged from 57% to 89%. The median was 72%.

3. Automation can reduce costs by requiring fewer FTE staff to deliver a given amount of aid.

4. In addition to personnel, the major operating costs incurred by FAO's are (in descending order):

   - Servicer charges for billing and collection (NDSL specific);
   - Data processing;
   - Occupancy; and
   - Supplies and miscellaneous costs.

5. To the extent costs reflect FAO priorities, the functions performed by the FAO may be ranked from highest to lowest as follows:

   - Accounting and collections;
   - Outreach, counseling and application processing;
   - Packaging and aid awarding;
   - Planning, budgeting, and personnel administration;

- Needs analysis and eligibility determination; and

- Reporting, and regulatory reviews and program audits.

6. The most and the least expensive programs to administer were both loan programs:

   - The least expensive program to administer was the GSL. Most of the costs of administration in this program are incurred by other parties, such as lenders, state guarantee agencies, secondary markets, and loan servicers.

   - The most expensive program to administer was the NDSL. Approximately 65% of the current year costs were incurred to bill and collect prior year loans. Further analysis is warranted to determine the cost to the institution and to the student over the life of an NDSL loan.

   - The wide variation in costs between these programs suggests the GSL is a more economical delivery mechanism to the educational institutions .

7. The Administrative Cost Allowance (ACA) provided by the Federal government is inadequate to cover the actual administrative costs of campus-based programs. This is true even if the ACA is adjusted to reflect the CWS subsidy provided when CWS recipients work in the FAO.

C. Management Perspectives of Financial Aid Offices

1. Institutions used financial aid to attract and retain students. For example, some institutions emphasized grant aid to attract minorities. Others use aid packages to attract particularly qualified students.

2. The NDSL program appeared to present the most administrative difficulties to FAO's.

3. Student employees supplied low cost, unskilled labor to assist to administer the paper intensive financial aid process. Students tended to receive a lower hourly pay than professional staff, some portion of which (up to 80% at the institutions surveyed) was often paid with Federal funds.

4. The greatest regulatory problem was the number of year-to-year changes which need to be implemented with minimal lead time. In addition, two other issues arose in FY 1983:

   - Pell validations; and
   - Selective Service registration verification.

   Both of these issues caused or are expected to cause, major procedural changes.

I. APPROACH AND COST ALLOCATION METHODOLOGY

I. APPROACH AND COST ALLOCATION METHODOLOGY

The objective of the study was to identify and analyze the administrative costs of the campus student financial aid delivery process. The study combined the assembly and review of existing knowledge with certain original data collection and analysis activities.

A. Approach

The study had two phases. The first phase involved collection, review, and consolidation of existing material dealing with the administrative costs incurred by institutions in the delivery of various student aid programs. In addition, selected knowledgeable individuals were interviewed to gain deeper insight into the study issues. The results of the first phase are summarized in Apendix B, Summary of Selected Literature and List of Sources.

The activities from each phase are described below.

- Phase I: Consolidation of Existing Information and Identification of Issues

  The ojective was to assist the Commission by compiling and reviewing background information and research on the administrative costs of the campus

delivery system for financial aid. To accomplish this objective, we performed the following specific tasks:

I-1. Review of the Literature and Secondary Sources

We reviewed objectives, methodologies, and results of previous research on the subject. Major sources were:

- Testimony and other material included in the Congressional Record;
- Department of Education evaluation studies;
- GAO reports;
- Special studies or papers commissioned by educational associations (e.g., ACE or NASFAA); and
- Congressional Research Service of the Library of Congress.

I-2. Conduct of Interviews

We interviewed individuals who were knowledgeable on the subject. Most of the respondents were representatives of educational associations, the Department of Education, or staff from key Congressional subcommittees. In addition, we also interviewed the director of the financial aid office at a local metropolitan Washington, D.C. institution. In total, we interviewed over 20 individuals from different organizations. The

interviews were two to three hours in duration and were based on a series of questions identified during the review of the literature and secondary sources. Exhibit I-1, Sources Contacted, shows the organizations whose representatives were interviewed.

- Phase II: Collection and Evaluation of Empirical Cost Data

The object of Phase II was to collect and evaluate empirical cost data. To do this, we collected consistent and objective cost data at a limited number of institutions. The following tasks were conducted during Phase II:

II-1. Preparation of Cost Allocation Methodology and On-Site Review Guide

To ensure that consistent cost data were collected, we developed a cost allocation methodology and incorporated it into a guide to be used while on-site. The cost data were for FY 1982.

Exhibit II-2, Data Collection Guide Content, contains an outline of the on-site guide used for data collection.

II-2. Selection of Institutions

We visited nine representative institutions. Although this was not a statistically valid sample, nine institutions would provide important information about the range of costs at different types and sizes of institutions. Also, institutions were selected so that comparisons could be made based on similarities and differences among institutions. In our experience in conducting cost analyses, we have found that a great deal of insight into cost issues can be derived from a small, representative, and economical sample.

The institutions were selected in cooperation with the Commission's staff. The nine represented the four major institutional types as follows*:

- Public, four year - 3
- Private, four year - 2
- Community, two year - 2
- Proprietary - 2

---

* For additional detail on each institution, see Appendix A, Overview and Operating Characteristics of Institutions Studied.

The institutions were promised confidentiality. Consequently, the institutions are not identified in this report.

II-3. Conduct of On-Site Data Collection

The data collection was done by consultants with experience in both financial aid and cost allocation. The level of effort for each on-site visit was approximately 1.5 to 2.0 person weeks with an elapsed time on-site of one week.

During the site visit, we interviewed appropriate staff of the institution, secured the data required in the review guide, collected and allocated costs, and prepared a preliminary summary of findings. We also conducted an exit conference to inform the Director of Financial Aid as to what information was collected.

After completion of on-site data collection, we analyzed the data and identified patterns and consistencies. To compare institutions of different types, we developed and analyzed quantitative indicators such as cost per aid recipient and cost per $100 of aid awarded. A microcomputer was used to facilitate the analysis.

B. Cost Allocation Methodology

Collection and allocation of consistent costs from different institutions is a complex process. The objective was to allocate all direct (e.g., salaries) and indirect costs (e.g., occupancy) to the financial aid process.* The costs were those which the institution would not incur if there were no financial aid programs to administer. Included within the scope were all divisions and offices (e.g., admissions, bursar, and business office) involved in the financial aid process. The costs were only those incurred by the institution; no state or federal delivery costs were included in the study.

Based on our experience in cost analysis, we accumulated costs by category (e.g., employee compensation, data processing, etc.) and then distributed the costs by function (e.g., counseling, aid packaging, etc.). To distribute personnel costs, an employee time allocation worksheet was used. This permitted us to calculate full time equivalent staffing (FTE's) per function. Costs by financial aid program were estimated based on program volume and level of effort required to administer the program.

---

* No attempt was made to allocate university overhead costs, such as the Office of the University President, to the process.

On occasion, institutional expenses were adjusted to reflect an accrual basis of accounting. For example, if a financial aid office made a significant capital acquisition* and expensed it entirely in FY 1982, we adjusted the expenses by deducting the capital cost but including an amount for depreciation. This was necessary in order to have consistent costs between institutions and to match expenses to the period(s) which benefited from those expenses.

* * * * * * * * *

The three remaining sections of this report cover:

1. Functions and staffing patterns;

2. Delivery system costs; and

3. Management perspectives of the financial aid officers.

---

* Significant means in excess of $10,000.

Each subsequent section concludes with a "summary of major observations." Exhibits to this section and all subsequent sections are contained at the rear of each section.

There are two appendices. Appendix A describes the characteristics of the institutions reviewed. Appendix B presents a summary of the literature.

Exhibits to Section I

Exhibit I-1

SOURCES CONTACTED

During the first phase of the project, one or more representatives from these organizations were interviewed.

American Association of State Colleges and Universities

American Council on Education

Association of Independent Colleges and Schools

Financial aid managers of a Washington, D.C. area postsecondary institution

General Accounting Office

National Association of College and University Business Officers

National Association of Student Financial Aid Administrators

National Association of Independent Colleges and Universitites

National Association of State Universities and Land Grant Colleges

U.S. Department of Education

U.S. House of Representatives, Subcommittee on Post-secondary Education

Exhibit I-2

DATA COLLECTION GUIDE CONTENT

I. Management Perspective

This section addressed a series of questions on major financial aid issues to the Director of the Financial Aid Office (FAO). Selected areas discussed include:

- Approach to aid packaging;
- Use of aid in attracting and retaining students;
- Adequacy of automated system support;
- Interactions with other campus offices;
- Impact of specific regulatory requirements;
- Adequacy of the Federal administrative cost allowance; and
- Role of student employees in FAO operations.

II. Institution and FAO Background Data

This section contained a series of forms to be completed for each institution. The data collected included:

- FAO organization;
- FAO staffing levels;
- Program data on types of programs administered and number of aid recipients from 1977 through 1982; and
- Overview of the campus financial aid process including all other offices involved in the process.

III. Program Operations

This section collected information on the operations of the FAO. These operations were organized into six functions*:

- Outreach, application processing, and counseling;

* For descriptions of the activities included in each function, see Exhibit II-1, Campus Financial Aid Functions.

Exhibit I-2

DATA COLLECTION GUIDE CONTENT
(continued)

- Needs analysis and eligibility determination;
- Aid packaging and awarding;
- Reporting, regulatory reviews and program audits;
- Accounting and collections; and
- Other administrative functions (e.g., planning and budgeting).

IV. Accounting System and Financial Data

This section concentrated on the accounting, financial and management information systems used to support FAO operations. Forms included in this section were used to allocate costs to functions and to programs.

II. CAMPUS FINANCIAL AID PROCESS: FUNCTIONS AND STAFFING PATTERNS

II. CAMPUS FINANCIAL AID PROCESS: FUNCTIONS AND STAFFING PATTERNS

During the site visits to the institutions in the study, employees who participated in the financial aid delivery process were identified. These employees included those in the financial aid office, as well as personnel in such other offices as the business, personnel, registrar, and admissions offices.

Each of these employees (or their supervisors) was requested to allocate FY 1982 time to a standard set of financial aid administrative functions. These functions were based upon activities identified in The Institutional Administration of Financial Aid Programs* and modified based on test interviews with financial aid administrators. These functions included twenty-eight specific activities. This section describes the functions and the staffing pattern by function at each institution.

A. FINANCIAL AID FUNCTIONAL ACTIVITIES

The functions of the financial aid process on campus include six major categories:

1. Outreach, counseling and application processing;

---

* The Institutional Administration of Student Financial Aid Programs (U.S. Department of Education, 1980), pp. A.3 - A.4.

2. Needs analysis and eligibility determination;*
3. Packaging and awarding aid;
4. Reporting and regulatory activities;
5. Accounting and collections; and
6. Planning, budgeting and all other administrative activities.

Exhibit II-1, Campus Financial Aid Functions, contains a description of the activities which were classified under each of these functional categories.

B. FULL-TIME EQUIVALENT STAFFING PATTERNS

Exhibit II-2, Staffing Patterns: Summary by Type of Institution, presents the staffing patterns at the institutiuons studied. Exhibits II-3 through II-6 provide the detailed distribution by type of institution.

1. Outreach, Counseling and Application Distribution and Receipt

   Approximately 16 to 30% of the total level of effort (defined in terms of full-time equivalent staff) in the financial aid process was devoted to this function. Of the six functions identified, this function received either the highest or next to the highest level of effort from each of the institutions surveyed.

---

* The analysis did not distinguish GSL-only needs analysis for purposes of this study.

Of the activities within this function, counseling showed a wide variation in terms of level of effort by institution. On average, proprietary institutions devoted proportionately more effort to counseling than did the other types of institutions.

Greater effort devoted to counseling at the proprietary institutions may be due in part to the admissions pattern at these schools. Students enter the institutions monthly whereas students at other types of institutions typically enter at the beginning of a quarter or semester. At Institution I,* like many other proprietary institutions, most programs last less than one year. Consequently, student turnover is much greater than it is at two- or four-year institutions. From this data we may hypothesize that students in their second, third and fourth years require proportionately less counseling than do first-year students.

Community colleges devoted proportionately the least amount of effort to counseling activities. Many community college students are part-time** or returning

---

* The other proprietary school, Institution H, offers two- and four-year courses of study and is more typical of traditional postsecondary institutions in this respect.

** Halftime or better for aid recipients

students. Typically, these students at the community colleges surveyed were older than at more traditional four-year institutions. Consequently one could expect lower counseling needs for the community college population.

2. Needs Analysis and Eligibility Determination

Between 8 and 17% of the effort was spent on this function. Public, four-year institutions spent proportionately the least effort while private institutions devoted proportionately more effort than other types of institutions to (a) needs analysis and (b) other eligibility determination and verification.

The financial aid administrator at one of the private institutions studied indicated that higher levels of effort were required in eligibility determination because of relatively higher proportions of selective aid awards, such as those going to students in a certain major with a certain minimum grade point average. Identifying and determining the eligibility of students for such types of aid would be expected to require more effort than other forms of aid that are less specific in terms of recipient criteria.

Needs analysis at a private institution could be expected to require more effort than at proprietary and community colleges due to student income characteristics. Students at private institutions typically come from higher income families than do students at proprietary and community colleges. It takes more time and effort to establish need with higher income students. Eligibility is not always clear and may be often based on special circumstances. In addition, it is probable that higher proportions of private institution students would be actually denied aid. Several financial aid administrators noted that aid denials were more time-consuming than aid awards.

The effort devoted to Pell Grant validation was higher at community colleges and proprietary schools which would be expected to have students from lower income families. The total effort devoted to Pell grant validation was not, however, proportionately significant at any of the institutions surveyed. However, it should be noted that the labor allocations in this study were for FY 1982. The increased requirements for Pell validations in FY 1983 could be expected to increase the proportionate level of effort devoted to the validation process.

3. Packaging and Awarding*

The proportionate level of effort on average at the institutions surveyed ranged from 14% at public institutions to 15% at proprietary institutions of the total labor in the financial aid process. There was not much difference between types of institutions. However, it appears that academic structure is a contributing factor to the level of effort devoted to aid packaging and awarding activities. Institutions with a larger number of academic time periods tend to devote more effort to these activities. Institutions surveyed on a semester system devoted from 11 to 15%, or an average of 13%, of their total FTE's to this function. Institutions surveyed on a quarterly or monthly system devoted from 10 to 35%, or an average of 17%, of FTE's to this function. This difference can be explained by the fewer number of times per year that semester system institutions go through packaging and awarding activities.

4. Reporting, Regulatory Reviews and Program Audits

On average less than 9 to 12% of the total effort was devoted to this function. The total effort appeared relatively constant across all types of institutions.

* This activity includes determining type and level of aid awards, preparing and mailing award letters and disbursing funds.

However, different types of institutions emphasized different types of reports. For example, public and community collges spent more time on state reporting. Proprietary institutions devoted proportionately the most time to federal reporting while private institutions had a large number of internal (i.e., intra-institutional) reporting requirements.

5. Accounting and Collections

This function was either the first or second in terms of total effort expended (between 17 and 23% of the FTE staff). Most of the effort in this functional area came from the institution's business office.

6. Other Administrative Activities

Across all institutions approximately 15 to 22% of the full-time equivalent effort was spent on administrative activities not directly assignable to the five specific functions described above. Major activities within this function included: (a) personnel administration, (b) interfaces with other offices, (c) placement of College Work Study recipients.*

---

* Additional activities are listed in Exhibit II-1

C. USE OF STUDENT LABOR IN THE CAMPUS FINANCIAL AID PROCESS

Exhibit II-7, Distribution of Full-time Equivalent Staff, shows that students comprise up to 37% (Institution C) of the full-time equivalent staff involved in the financial aid process. For the institutions surveyed the median of student full-time equivalent staff was 18%. It should be noted that one student full-time equivalent is, in reality, the sum of multiple students each working quarter time or less for all or part of an academic year (i.e., one student FTE may consist of eight to ten part-time students).

The ranges shown on Exhibit II-7 reflect differences in approach among institutions.

- At Institution C, a four-year public school, students comprise 37% of the full-time equivalent staff involved in financial aid activities. Financial aid operations, including needs analysis and packaging, are highly automated. Consequently, this insitution is much less labor intensive than the other institutions surveyed. Institution C requires a lower proportion of professional staff members than do other institutions without sophisticated automated systems. Students, who are employed primarily for support activities such as typing and filing, therefore make up a large proportion of the staff.

- Institution H, VA proprietary school, uses students to meet 33% of its financial aid staffing needs. However, because this institution is a proprietary school, it is precluded by federal regulations from employing students on the federal College Work Study program. The high percentage of student employees is due primarily to budgetary reasons. Average student compensation per FTE is over $7,500 less expensive than is average nonstudent compensation per FTE. (See Exhibit III-2, Compensation, in Section III.)

- Institution A, a large public school, also meets a large percentage of its staffing needs with student employees. The institution, whose original employment office was formed for student employment purposes, strongly advocates the hiring of students within the institution. Any part-time positions of 29 hours or less are required to be filled by student employees. Student employees at Institution A include graduate as well as undergraduate students. Consequently, student employees have higher skill levels and can fill a wider range of positions than at other institutions with less skilled student employees.

- Institution I, a proprietary college, uses no students to administer financial aid. Like Institution H, it is precluded from employing students on the federal College Work Study Program. The typical academic program at Institution I lasts about 11 months, so student turnover is high. In addition, the institution is on a clock hour system and requires students to be at the institution six hours per day. The financial aid administrator indicated that such an intensive program would prevent many students from working.

Some institutions restricted the employment of students to certain areas. For example, Institution D does not use students in activities that require access to confidential data. There, students made up only 8% of the full-time equivalent staff.

Students tend to be employed in unskilled activities. Consequently, such labor is concentrated in certain functional areas within the student financial aid process. The distribution of student labor by function is presented in Exhibit II-8. As shown there, most student labor is concentrated in clerical areas like application processing, filing and preparation (i.e., typing and addressing) of award letters. Some institutions use students for counseling, but this appears to be for peer explanation of the programs prior to referral to a professsional financial aid

officer. Several financial aid administrators indicated that maintaining a student presence among the financial aid staff was important in establishing good student relations and improved communications.

Several institutions use student labor for accounting activities. Although higher skill levels may be required in this area, use of student labor is generally limited to entering award data in the financial aid office. Students generally do not make actual journal entries in the books of account of the institution.

Typically, a high proportion of the students employed in financial aid activities is funded through the federal College Work Study (CWS) Program. Under this program, a portion, not to exceed 90%, of the students' salaries is funded by the federal government. This program provides institutions with subsidized labor, which will be discussed more fully in Section III. Federally-funded CWS students made up from 50% to 100% (See Exhibit III-18) of the students employed in financial aid activities, except in the two proprietary schools. The proprietary schools employed no federally-funded work study students because federal regulations prohibit employment of students in this program in for-profit enterprises.

D. STAFFING RATIOS

In order to make comparisons between institutions which differed in terms of (a) size, (b) number and amount of aid awards, and (c) organization and structure of the financial aid process, certain ratios were calculated. These ratios are shown on Exhibit II-9, Key Staffing Ratios.

1. FTE's Per $1 Million Delivered

The number of FTE's required to deliver $1 million of aid ranged from 7.16 to 0.93. The differences between or among institutions within types show certain consistencies. Ratios tend to cluster by type of institution. Public institutions require the fewest staff members, followed by proprietary and private schools. Community colleges, F and G, showed the highest and widest range at 7.16 and 3.94, respectively. However, Institution F is a multi-campus school with five separate financial aid offices and is not typical of community colleges. Institution G, on the other hand, has a centralized financial aid office. It appears that an approach to delivering assistance through separate decentralized offices is less efficient than is a centralized operation.

Institution C had the lowest ratio (0.93 FTE's per $1 million of aid delivered). This institution is located in Pennsylvania and has on-line access to a state-developed automated financial

aid calculation and tracking system. Although institutions are charged for using this system, such a system appears to increase efficiency by reducing the on-campus labor required to deliver a given amount of aid.

2. Dollars of Aid Per Recipient

The clustering of FTE's per $1 million of aid awarded by type of institution follows a reverse pattern of that for the average amount of aid awarded per recipient. At community colleges, where low tuition costs limit the amount of aid students receive, the average dollars per recipient is lowest at $744; the level of effort measured in FTE's per million dollars is on average the highest, at 5.67. At public institutions, the reverse is true: the average recipient award is highest at $3,352, whereas the level of effort is lowest, at 1.27 FTE's per million dollars of aid. In other words, FTE requirements to deliver $1 million of financial aid are highest when the average award is lowest; they are lowest when the average award is highest. This probably reflects the fact that the level of effort to deliver aid is more dependent upon the number of recipients than upon the dollars of aid awarded.

3. FTE's Per 100 Aid Recipients

The number of FTE's per 100 aid recipients does not show a clustering pattern by type of institution. The institutions surveyed required from .19 to 1.04 FTE's for each 100 aid recipients. There was wide variation within types of institutions, except for the proprietary schools which required .72 and .74 FTE's per 100 recipients.

Specific institutional characteristics affected the staffing ratios and the efficiency of the campus delivery process. For example, the two institutions requiring the lowest numbers of FTE's per 100 aid recipients were the most highly automated. Institution F, which requires the second largest number of FTE's, at 1.02 FTE's, is a community college with five geographically separate campuses. Each campus maintains a financial aid office, although certain accounting activities are centralized. In contrast, the two campuses of Institution I that were surveyed were sufficiently close geographically to share certain financial aid staff members. They require only .74 FTE's per hundred recipients. It appears that policies to provide certain service levels at geographically dispersed campus sites can lead to higher levels of effort per aid recipient.

Other management practices influence staffing levels per recipient. Institution E, which used proportionately the largest number of staff per aid recipient, is a small private school with a policy of offering high levels of student service. For example, the institution administers a proportionately large number of aid programs, many of which require quite specific eligibility determination (e.g., an award to a student who has achieved a certain grade point average in a specified field of study and comes from a particular geographic area). In addition, Institution E attempts to match both students skills' and interests in placing students in work study positions. In contrast, the financial aid director at Institution A described it as "the McDonalds of financial aid offices." Due to its large student population and proportionately small staff, Institution A, according to its financial aid administrator, is unable to deliver high levels of service to its aid recipients.

Another factor that has an impact on staffing levels is the relative proportion of types of aid programs at a particular institution. This mix of aid programs is, to a large extent, a reflection of the mix of income levels of students attending the institution. The impact of this factor will be discussed further in Section III, Delivery System Costs.

E. SUMMARY OF MAJOR OBSERVATIONS - CAMPUS FINANCIAL AID PROCESS: FUNCTIONS AND STAFFING PATTERNS

It should be noted that these observations are based on data collection and interviews conducted at only nine institutions. Consequently, these observations should be considered as working hypotheses subject to further verification.

1. In terms of the average proportionate level of effort expended, the major functions in the campus financial aid process may be rank ordered as follows:

   a. Heavy Effort

      - Outreach, counseling and application distribution and receipt
      - Accounting and collection

   b. Medium Effort

      - Needs analysis and eligibility determination
      - Packaging and awarding
      - Other administrative activities (e.g., personnel administration, planning, etc.)

   c. Low Effort

      - Reporting, regulatory reviews and program audits.

2. The academic structure of an institution has an impact on the priority of different financial aid activities.

   - Proprietary institutions, with monthly admissions patterns, short (one-year) academic programs and therefore high student turnover, devote more effort to counseling activities than do institutions with longer programs.

   - Institutions with a greater number of academic periods (e.g., those schools on the quarter system rather than a semester system) spend proportionately more time on packaging and awarding activities.

3. The degree of automation of financial aid activities has a strong impact on staffing levels. Institutions that are highly automated devote less effort, in terms of full-time equivalent staff, per aid recipient than do institutions where operations are primarily manual. Institution C is located in the state of Pennsylvania which operates a statewide automated financial aid system. It appears that such a system allows for greater efficiency on campus.

4. Provision of subsidized services, such as the statewide automated financial aid system in the state of Pennsylvania, provides lower cost structures on campus.

5. Many institutions are highly dependent upon student employees in the delivery of financial assistance. Factors that contribute to the employment of students include budgetary and economical constraints, as well as commitment to provide student employment opportunities. Student employees are used primarily for nonprofessional activities like typing and filing and for peer counseling. To the extent student employees receive aid through the federal College Work study program, the use of student employees constitutes a significant federal subsidy to the financial aid office in terms of providing inexpensive labor.

6. Similar types of institutions require similar levels of effort per dollar of aid awarded. This appears to result from similarities in student populations, including income levels and average aid award levels, and tuition costs within types of institutions.

7. The number of full-time equivalent staff required to administer financial aid programs is dependent upon multiple factors:

   - The degree of automation of financial aid activities has a large impact on the staffing levels required. Institutions that are highly automated require fewer staff members per recipient to administer aid programs than do institutions with manual systems.

- The level of service provided to students influences staffing requirements. High service levels in activities like counseling and job placement lead to high ratios of staff to recipients.

- Institutions with geographically dispersed campus sites require higher staff levels per recipient than do institutions with single campuses or multiple campuses located in close proximity. Institutions with multiple campuses may have opportunities to improve efficiency by centralizing certain financial aid activities.

8. Staffing variations reflect opportunities to improve the efficiency of campus delivery systems. Improvement can come from such practices as:

   - Increased automation;
   - Centralization of functions (multi-campus institutions);
   - Monitoring staff performance ratios; and
   - Periodic reviews of workflows to assure that activities are done in the most effecient manner.

EXHIBITS TO SECTION II

Exhibit II-1

CAMPUS FINANCIAL AID FUNCTIONS

I. Outreach, Counseling and Application Distribution and Receipt

A. Outreach Activities

1. Advertise aid, conduct workshops and seminars
2. Provide outreach for needy students
3. Conduct transfer student orientation
4. Interface with secondary school guidance counselors

B. Application Distribution and Receipt

1. Update and revise aid materials, literature, and application forms;
2. distribute financial aid materials and literature;
3. process applications through receipt and file preparation; and compile applicaition statistics.

C. General Counseling and Aid Interviews

II. Needs Analysis and Eligibility Determination

A. Needs Analysis

1. Determine Average Student Budget
2. Determine Family Contribution
3. Coordinate with Needs Analysis Service

Touche Ross & Co

Exhibit II-1

CAMPUS FINANCIAL AID FUNCTIONS

B. Other Eligibility Determination and Verification

1. Satisfactory Progress

2. Enrollment Status

C. Pell Grant Validation

III. Packaging and Awarding Activities

A. Aid Packaging and Award Determination

B. Prepare and Mail Award Letters

C. Disburse Funds

D. Revise Awards

1. Award appeals
2. Needs analysis changes
3. Reallocation of funds from no-shows

IV. Reporting and Compliance

A. State Reports, Certifications and Compliance

B. Institutional Reports, Internal Research, Self-audits, Evaluations, Student Surveys

C. Federal Reports, FISAP Preparation and Submission, Replies, Appeal Preparation, Appeals, etc.

D. Federal Compliance

1. Review federal legislation and regulations

2. Revise policies and procedures for legislative and regulatory changes

E. Program Reviews and Audits

Touche Ross & Co.

Exhibit II-1

ON CAMPUS FINANCIAL AID FUNCTIONS

V. ACCOUNTING AND COLLECTIONS

A. Accounting, Update Records, Reconcile Accounts, Prepare Ledgers, Audits, Data Entry

B. NDSL Billing, Exit Interviews, Collection, Coordination with Billing Agencies, Default Reports

VI. ALL OTHER ADMINISTRATIVE ACTIVITIES

A. Planning and Budgeting

B. Develop Policies and Procedures

1. Packaging rules and guidelines

2. Procedures

C. Training, Personnel Development and Administration

D. Interface with Other Offices

1. Registrar

2. Admissions Office

3. Business Office

4. Departments

E. CWS Job Identification and Placement

Touche Ross & Co

Exhibit II-2

STAFFING PATTERNS SUMMARY
BY TYPE OF INSTITUTION

Function	AVERAGE FTE STAFF BY FUNCTION				
	PUBLIC	PRIVATE	COMMUNITY	PROPRIEATRY	RANGE
I. Outreach, Counseling and Application Distribution and Receipt					
A. Outreach	0.6%	1.3%	1.2%	- %	
B. Application Processing	16.9	5.8	14.1	6.7	
C. Counseling	10.4	8.5	6.5	16.7	
D. Other	2.1	0.4	-	3.3	
Subtotal	30.0%	16.0%	21.8%	26.7%	16.0-30.0%
II. Needs Analysis and Eligibility Determination					
A. Needs Analysis	2.3%	6.7%	3.5%	3.3%	
B. Other Eligibility Determination and Verification	4.3	9.8	7.1	3.3	
C. Pell Grant Validation	1.5	0.4	3.5	3.3	
D. Other	0.2	0.4	1.2	-	
Subtotal	8.3%	17.3%	15.3%	9.9%	8.3-17.3%
III. Packaging and Awarding					
A. Aid Packaging and Award Determination	4.2%	2.7%	2.3%	5.0%	
B. Prepare and Mail Award Letters	2.7	.9	4.1	1.7	
C. Disburse Funds	4.2	8.9	8.9	5.0	
D. Award Revisions	3.1	1.8	0.6	1.7	
E. Other	.2	.9	.6	1.7	
Subtotal	14.4%	15.2%	16.5%	15.1%	14.4-15.1%
IV. Reporting and Regulations					
A. State Reporting	1.5%	0.4%	2.3%	- %	
B. Institutional Reporting	2.7	3.6	1.2	- %	
C. Federal Reporting	2.3	1.3	4.7	6.6	
D. Reviewing Federal Regulations	1.0	2.2	2.9	1.7	
E. Program Reviews and Audit	0.6	1.3	0.6	1.7	
F. Other	1.0	1.3	0.6	-	
Subtotal	9.1%	10.1%	12.3%	10.0%	9.1-12.3%

Touche Ross & Co

Exhibit II-2

STAFFING PATTERNS SUMMARY
BY TYPE OF INSTITUTION
(continued)

Function	AVERAGE FTE STAFF BY FUNCTION PUBLIC	PRIVATE	COMMUNITY	PROPRIEATRY	RANGE
V. Accounting and Collections					
A. Accounting	8.8%	11.1%	10.0%	10.0%	
B. Billing and Collections	12.9	10.7	7.6	3.3	
C. Other	1.5	.9	1.2	3.3	
Subtotal	23.2%	22.7%	18.8%	16.6%	16.6-23.2%
VI. All Other Activities					
A. Planning and Budgeting	2.1%	1.3%	0.6%	1.7%	
B. Develop Policies and Procedures	2.3	.9	0.6	-	
C. Personnel Administration	3.3	4.0	3.5	1.7	
D. Interface With Other Offices	2.5	3.1	1.8	3.3	
E. CWS	2.3	2.7	2.3	-	
F. Other	2.5	6.7	6.5	15.0	
Subtotal	15.0%	18.7%	15.3%	21.7%	15.0-21.7%
Fund Total	100.0%	100.0%	100.0%	100.0%	

Touche Ross & Co.

Exhibit II-3

PUBLIC INSTITUTIONS: FTE'S BY FUNCTION

FUNCTION	INSTITUTION A NUMBER	INSTITUTION A PERCENT	INSTITUTION B NUMBER	INSTITUTION B PERCENT	INSTITUTION C NUMBER	INSTITUTION C PERCENT	AVERAGE NUMBER	AVERAGE PERCENT
I. Outreach, Counseling, and Application Distribution and Receipt								
A. Outreach	.7	.7%	0.1	0.5%	0.2	0.9%	0.3	0.6%
B. Application Processing	19.1	19.0	3.6	16.5	1.7	7.8	8.1	16.9
C. Counseling	11.3	11.2	2.3	10.7	1.3	6.0	5.0	10.4
D. Other	2.6	2.6	-	-	0.5	2.3	1.0	2.1
Subtotal	33.7	33.5%	6.0	27.7%	3.7	17.0%	14.4%	30.0%
II. Needs Analysis and Eligibility Determination								
A. Needs Analysis	1.7	1.7%	1.4	6.5%	0.1	0.5%	1.1	2.3%
B. Other Eligibility Determination and Verification	5.3	5.3	0.5	2.3	0.5	2.3	2.1	4.3
C. Pell Grant Validation	1.0	1.0	0.4	1.9	0.6	2.8	0.7	1.5
D. Other	.3	.3	-	-	-	-	0.1	0.2
Subtotal	8.3	8.3%	2.3	10.7%	1.2	5.6%	4.0	8.3%
III. Packaging and Awarding								
A. Aid Packaging and Award Determination	4.9	4.8%	0.9	4.2%	0.2	0.9%	2.0	4.2%
B. Prepare and Mail Award Letters	2.1	2.1	0.7	3.2	1.1	5.0	1.3	2.7
C. Disburse Funds	3.8	3.8	0.9	4.2	1.2	5.5	2.0	4.2
D. Award Revisions	3.8	3.8	0.6	2.8	0.2	0.9	1.5	3.1
E. Other	-	-	0.1	0.5	0.2	0.9	0.1	0.2
Subtotal	14.6	14.5%	3.2	14.9%	2.9	13.2%	6.9	14.4%
IV. Reporting and Regulations								
A. State Reporting	1.2	1.2%	0.5	2.3%	0.3	1.4%	0.7	1.5%
B. Institutional Reporting	3.4	3.3	0.3	1.4	0.2	0.9	1.3	2.7
C. Federal Reporting	1.8	1.8	0.8	3.7	0.7	3.2	1.1	2.3
D. Reviewing Federal Regulations	0.8	0.8	0.4	1.9	0.3	1.4	0.5	1.0
E. Program Reviews and Audits	0.7	0.7	0.1	0.5	0.1	0.5	0.3	0.6
F. Other	1.5	1.5	-	-	-	-	0.5	1.0
Subtotal	9.4	9.3%	2.1	9.8%	1.6	7.4%	4.4	9.1%

Touche Ross & Co.

Exhibit II-3

PUBLIC INSTITUTIONS: FTE'S BY FUNCTION
(continued)

FUNCTION	INSTITUTION A NUMBER	INSTITUTION A PERCENT	INSTITUTION B NUMBER	INSTITUTION B PERCENT	INSTITUTION C NUMBER	INSTITUTION C PERCENT	AVERAGE NUMBER	AVERAGE PERCENT
V. Accounting and Collections								
A. Accounting	7.2	7.1%	3.4	15.5%	2.1	9.5%	4.2	8.8%
B. Billing and Collections	14.1	14.0	2.0	9.3	2.4	11.0	6.2	12.9
C. Other	.7	.7	0.4	1.9	1.1	5.0	0.7	1.5
Subtotal	22.0	21.8%	5.8	26.7%	5.6	25.5%	11.1	23.2%
VI. All Other Activities								
A. Planning and Budgeting	2.5	2.5%	0.2	0.9%	0.4	1.8%	1.0	2.1%
B. Develop Policies and Procedures	2.7	2.7	0.2	0.9	0.3	1.4	1.2	2.3
C. Personnel Administration	4.0	4.0	0.3	1.4	0.6	2.8	1.6	3.3
D. Interface with Other Offices	2.2	2.2	0.8	3.7	0.5	2.3	1.2	2.5
E. CWS Placement	0.6	0.6	0.3	1.4	2.3	10.6	1.1	2.3
F. Other	0.6	0.6	0.4	1.9	2.7	12.4	1.2	2.5
Subtotal	12.6	12.6%	2.2	10.2%	6.8	31.3%	7.3	15.0%
Total	100.6	100.0%	21.6	100.0%	21.8	100.0%	48.0	100.0%

Exhibit II-4

PRIVATE INSTITUTIONS: FTE'S BY FUNCTION

FUNCTION	INSTITUTION D NUMBER	INSTITUTION D PERCENT	INSTITUTION E NUMBER	INSTITUTION E PERCENT	AVERAGE NUMBER	AVERAGE PERCENT
I. Outreach, Counseling, and Application Distribution and Receipt						
A. Outreach	0.2	0.8%	0.4	2.0%	0.3	1.3%
B. Application Processing	1.2	4.9	1.4	6.9	1.3	5.8
C. Counseling	2.5	10.1	1.3	6.4	1.9	8.5
D. Other	0.2	0.8	-	-	0.1	0.4
Subtotal	4.1	16.6%	3.1	15.3%	3.6	16.0%
II. Needs Analysis and Eligibility Determination						
A. Needs Analysis	1.8	7.3%	1.1	5.5%	1.5	6.7%
B. Other Eligibility Determination and Verification	3.6	14.6	0.8	4.0	2.2	9.8
C. Pell Grant Validation	0.1	0.4	0.2	1.0	0.1	0.4
D. Other	0.2	0.8	-	-	0.1	0.4
Subtotal	5.7	23.1%	2.1	10.5%	3.9	17.3%
III. Packaging and Awarding						
A. Aid Packaging and Award Determination	0.5	2.0%	0.6	3.0%	0.6	2.7%
B. Prepare and Mail Award Letters	-	-	0.5	2.5	0.2	.9
C. Disburse Funds	1.6	6.5	2.3	11.4	2.0	8.9
D. Award Revisions	0.3	1.2	0.5	2.5	0.4	1.8
E. Other	0.2	0.8	0.2	1.0	0.2	0.9
Subtotal	2.6	10.5%	4.1	20.4%	3.4	15.2%
IV. Reporting and Regulations						
A. State Reporting	-	- %	0.1	0.5%	0.1	0.4%
B. Institutional Reporting	0.4	1.6	1.2	5.9	0.8	3.6
C. Federal Reporting	0.3	1.2	0.2	1.0	0.3	1.3
D. Reviewing Federal Regulations	0.7	2.8	0.3	1.5	0.5	2.2
E. Program Reviews and Audits	0.4	1.6	0.2	1.0	0.3	1.3
F. Other	0.4	1.6	0.3	1.5	0.3	1.3
Subtotal	2.2	8.8%	2.3	11.4%	2.3	10.1%

Touche Ross & Co.

Exhibit II-4

PRIVATE INSTITUTIONS: FTE'S BY FUNCTION
(continued)

FUNCTION	INSTITUTION D NUMBER	INSTITUTION D PERCENT	INSTITUTION E NUMBER	INSTITUTION E PERCENT	AVERAGE NUMBER	AVERAGE PERCENT
V. Accounting and Collections						
A. Accounting	2.9	12.0%	2.0	10.0%	2.5	11.0%
B. Billing and Collections	1.9	7.7	2.8	13.7	2.4	10.7
C. Other	0.2	0.8	0.3	1.5	0.2	.9
Subtotal	5.0	20.5%	5.1	25.2%	5.1	22.7%
VI. All Other Activities						
A. Planning and Budgeting	0.1	0.4%	0.4	2.0%	0.3	1.3%
B. Develop Policies and Procedures	0.3	1.1	0.2	1.0	0.2	.9
C. Personnel Administration	0.2	0.8	1.6	7.9	0.9	4.0
D. Interface With Other Offices	0.8	3.2	0.7	3.3	0.7	3.1
E. CWS Placement	0.5	2.0	0.6	3.0	0.6	2.7
F. Other	3.2	13.0	-	-	1.5	6.7
Subtotal	5.1	20.5%	3.5	17.2%	4.2	18.7%
Total	24.7	100.0%	20.2	100.0%	22.5	100.0%

Touche Ross & Co.

Exhibit II-5

COMMUNITY COLLEGES: FTE'S BY FUNCTION

FUNCTION	INSTITUTION F NUMBER	INSTITUTION F PERCENT	INSTITUTION G NUMBER	INSTITUTION G PERCENT	AVERAGE NUMBER	AVERAGE PERCENT
I. Outreach, Counseling and Application Distribution and Receipt						
A. Outreach	0.2	0.9%	0.1	0.9%	0.2	1.2%
B. Application Processing	4.3	18.5	0.5	4.6	2.4	14.1
C. Counseling	1.7	7.4	0.4	3.7	1.1	6.5
D. Other	-	-	-	-	-	-
Subtotal	6.2	26.8%	1.0	9.2%	3.7	21.8%
II. Needs Analysis and Eligibility Determination						
A. Needs Analysis	1.1	4.8%	0.1	0.9%	0.6	3.5%
B. Other Eligibility Determination and Verification	1.2	5.2	1.2	10.9	1.2	7.1
C. Pell Grant Validation	0.7	3.0	0.5	4.6	0.6	3.5
D. Other	0.2	0.9	0.2	1.8	0.2	1.2
Subtotal	3.2	13.9%	2.0	18.2%	2.6	15.3%
III. Packaging and Awarding						
A. Aid Packaging and Award Determination	0.7	3.0%	0.1	0.9%	0.4	2.3%
B. Prepare and Mail Award Letters	1.5	6.5	-	-	0.7	4.1
C. Disburse Funds	1.8	7.8	1.1	10.0	1.5	8.9
D. Award Revisions	0.3	1.3	-	-	0.1	0.6
E. Other	0.9	3.9	0.2	1.8	0.1	.6
Subtotal	5.2	22.5%	1.4	12.7%	2.8	16.5%
IV. Reporting and Regulations						
A. State Reporting	0.6	2.6%	0.2	1.8%	0.4	2.3%
B. Institutional Reporting	0.2	0.9	0.1	0.9	0.2	1.2
C. Federal Reporting	1.3	5.6	0.2	1.8	0.8	4.7
D. Reviewing Federal Regulations	0.8	3.5	0.1	0.9	0.5	2.9
E. Program Reviews and Audits	0.1	0.4	-	-	0.1	.6
F. Other	0.1	0.4	0.1	0.9	0.1	.6
Subtotal	3.1	13.4%	0.7	6.3%	2.1	12.3%

Touche Ross & Co.

Exhibit II-5

COMMUNITY COLLEGES: FTE'S BY FUNCTION
(continued)

FUNCTION	INSTITUTION F NUMBER	INSTITUTION F PERCENT	INSTITUTION G NUMBER	INSTITUTION G PERCENT	AVERAGE NUMBER	AVERAGE PERCENT
V. Accounting and Collections						
A. Acccounting	1.7	7.4%	1.7	15.5%	1.7	10.0%
B. Billing and Collections	1.3	5.6	1.2	10.9	1.3	7.6
C. Other	0.1	0.4	0.3	2.7	0.2	1.2
Subtotal	3.1	13.4%	3.2	29.1%	3.2	18.8%
VI. All Other Activities						
A. Planning and Budgeting	0.3	1.3%	-	- %	0.1	0.6%
B. Develop Policies and Procedures	0.2	0.9	-	-	0.1	0.6
C. Personnel Administration	0.8	3.5	0.3	2.7	0.6	3.5
D. Interface With Other Offices	0.5	2.2	0.1	0.9	0.3	1.8
E. CWS Placement	0.4	1.7	0.3	2.7	0.4	2.3
F. Other	0.1	0.4	2.0	18.2	1.1	6.5
Subtotal	2.3	10.0%	2.7	24.5%	2.6	15.3%
Total	23.1	100.0%	11.0	100.0%	17.0	100.0%

Exhibit II-6

PROPRIETARY INSTITUTIONS: FTE'S BY FUNCTION

FUNCTION	INSTITUTION H NUMBER	INSTITUTION H PERCENT	INSTITUTION I NUMBER	INSTITUTION I PERCENT	AVERAGE NUMBER	AVERAGE PERCENT
I. Outreach, Counseling, and Application Distribution and Receipt						
A. Outreach	-	- %	-	- %	-	- %
B. Application Processing	0.4	4.2	0.3	11.5	0.4	6.7
C. Counseling	1.6	16.9	0.4	15.4	1.0	16.7
D. Other	0.4	4.2	-	-	0.2	3.3
Subtotal	2.4	25.3%	0.7	26.9%	1.6	26.7%
II. Needs Analysis and Eligibility Determination						
A. Needs Analysis	0.4	4.2%	0.1	3.8%	0.2	3.3%
B. Other Eligibility Determination and Verification	0.5	5.3	-	-	0.2	3.3
C. Pell Grant Validation	0.2	2.1	0.1	3.8	0.2	3.3
D. Other	-	-	-	-	-	-
Subtotal	1.1	11.6%	0.2	7.6%	0.6	9.9%
III. Packaging and Awarding						
A. Aid Packaging and Award Determination	0.5	5.3%	0.1	3.8%	0.3	5.0%
B. Prepare and Mail Award Letters	0.2	2.1	0.1	3.8	0.1	1.7
C. Disburse Funds	0.1	1.1	0.5	19.6	0.3	5.0
D. Award Revisions	0.1	1.1	0.1	3.8	0.1	1.7
E. Other	-	-	0.1	3.8	0.1	1.7
Subtotal	0.9	9.6%	0.9	34.8%	0.9	15.1%
IV. Reporting and Regulations						
A. State Reporting	-	- %	-	- %	-	- %
B. Institutional Reporting	0.1	1.1	-	-	-	-
C. Federal Reporting	0.6	6.3	0.1	3.8	0.4	6.6
D. Reviewing Federal Regulations	0.2	2.1	-	-	0.1	1.7
E. Program Reviews and Audits	0.1	1.1	-	-	0.1	1.7
F. Other	-	-	-	-	-	-
Subtotal	1.0	10.6%	0.1	3.8%	0.6	10.0%

Touche Ross & Co.

Exhibit II-6

PROPRIETARY INSTITUTIONS: FTE'S BY FUNCTION
(continued)

FUNCTION	INSTITUTION H NUMBER	INSTITUTION H PERCENT	INSTITUTION I NUMBER	INSTITUTION I PERCENT	AVERAGE NUMBER	AVERAGE PERCENT
V. Accounting and Collections						
A. Accounting	1.0	10.5%	0.2	7.7%	0.6	10.0%
B. Billing and Collections	0.1	1.1	0.3	11.5	0.2	3.3
C. Other	0.5	5.0	-	-	0.2	3.3
Subtotal	1.6	16.6%	0.5	19.2%	1.0	16.6%
VI. All Other Activities						
A. Planning and Budgeting	0.2	2.1%	-	- %	0.1	1.7%
B. Develop Policies and Procedures	0.1	1.1	-	-	-	-
C. Personnel Administration	0.1	1.1	0.2	7.7	0.1	1.7
D. Interface with Other Offices	0.3	3.2	-	-	0.2	3.3
E. CWS Placement	0.1	1.1	-	-	-	-
F. Other	1.7	17.7	-	-	0.9	15.0
Subtotal	2.5	26.3%	0.2	7.7%	1.3	21.7%
Total	9.5	100.0%	2.6	100.0%	6.0	100.0%

Touche Ross & Co.

Exhibit II-7

DISTRIBUTION OF FULL TIME EQUIVALENT STAFF

Institution	Non-Student		Student		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
A	70.8	70%	29.8	30%	100.6	100%
B	20.1	93	1.5	7	21.6	100
C	13.8	63	8.0	37	21.8	100
D	22.8	92	1.9	8	24.7	100
E	18.3	91	1.9	9	20.2	100
F	18.2	78	4.9	22	23.1	100
G	9.4	85	1.6	15	11.0	100
H	6.4	67	3.1	33	9.5	100
I	2.6	100	0	0	2.6	100
Total/Average	182.4	78%	52.7	22%	235.1	100%
Range		63-100%		0-37%		
Median		85%		15%		

Touche Ross & Co

Exhibit II-8

PERCENTAGE DISTRIBUTION OF STUDENT LABOR BY FUNCTION

Function	Institution A	Institution B	Institution C	Institution D	Institution E	Institution F	Institution G	Institution H	Institution I
I. Outreach, Counseling and Application Distribution and Receipt									
A. Outreach	0.4%	- %	0.4%	- %	- %	1.5%	19.7%	- %	- %
B. Application Processing	29.7	11.5	12.8	-	15.3	51.9	10.2	-	-
C. Counseling	13.5	62.6	1.2	-	5.7	8.6	-	8.0	-
D. Other	6.3	-	7.4	-	-	-	-	16.2	-
Subtotal	49.9%	74.1%	21.8%	- %	21.0%	62.0%	29.9%	24.2%	- %
II. Needs Analysis and Eligibility Determination									
A. Needs Analysis	1.1%	- %	- %	- %	0.7%	- %	- %	- %	- %
B. Other Eligibility Determination and Verification	4.4	-	0.7	21.7	1.3	4.2	10.2	11.9	-
C. Pell Grant Validation	0.8	-	-	0.5	4.6	-	5.4	-	-
D. Other	0.1			0.4	-	-	-	-	-
Subtotal	6.4%	- %	0.7%	22.6%	6.6%	4.2%	15.6%	11.9%	- %
III. Packaging and Awarding									
A. Aid Packaging and Award Determination	6.2%	- %	- %	- %	- %	- %	- %	- %	- %
B. Prepare and Mail Award Letters	4.0	-	14.1	-	3.6	6.0	1.3	8.9	-
C. Disburse Funds	2.2	-	5.1	1.2	0.2	17.6	-	-	-
D. Award Revisions	5.7	-	-	-	4.0	-	-	-	-
E. Other	-	-	-	-	1.0	2.8	-	0.8	-
Subtotal	18.1	-	19.2	1.2	8.8	26.4	1.3	9.7	-
IV. Reporting and Regulations									
A. State Reporting	0.6%	- %	1.1%	- %	1.5%	0.3%	- %	0.1%	- %
B. Institutional Reporting	2.1	-	-	-	8.6	0.2	-	1.9	-
C. Federal Reporting	1.2	-	3.4	-	1.4	1.2	-	1.2	-
D. Reviewing Federal Regulations	0.5	0.3	-	-	-	3.3	-	-	-
E. Program Reviews and Audits	0.5	-	-	-	-	-	-	-	-
F. Other	0.4	-	-	-	-	-	-	-	-
Subtotal	5.8%	0.3%	4.5%	- %	11.5%	5.0%	- %	3.2%	- %

Touche Ross & Co.

Exhibit II-6

PERCENTAGE DISTRIBUTION OF STUDENT LABOR BY FUNCTION
(continued)

Function	Institution A	Institution B	Institution C	Institution D	Institution E	Institution F	Institution G	Institution H	Institution I
V. Accounting and Collections									
A. Accounting	2.7%	10.0%	14.1%	18.7%	17.4%	2.4%	13.2%	- %	- %
B. Billing and Collections	7.5	-	9.5	-	2.0	-	-	-	-
C. Other	0.3	-	-	1.7	-	-	6.0	4.7	-
Subtotal	10.5%	10.0%	23.6%	20.4%	19.4%	2.4%	19.2%	4.7%	-
VI. All Other Activities									
A. Planning and Budgeting	1.2%	- %	- %	- %	- %	- %	-%	- %	- %
B. Develop Policies and Procedures	2.2	-	-	-	-	-	-	-	-
C. Personnel Administration	3.7	-	-	-	9.9	-	-	-	-
D. Interface With Other Offices	1.6	2.9	0.9	-	2.6	-	-	-	-
E. CWS Placement	-	-	-	-	20.2	-	-	-	-
F. Other a/ 0.6	12.7	29.1	55.8%	-	-	34.0	46.3	-	
Subtotal	9.3%	15.6%	30.2%	55.8%	32.7%	- %	34.0%	46.3%	-
Total Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	- %
Total Dollar Value	$182,261	$10,452	$49,423	$11,484	$12,122	$15,295	$15,710	$15,460	$ -

a/ Primarily general filing and typing activities

Touche Ross & Co

Exhibit II-9

KEY STAFF RATIOS

Institution	FTE's Per $1 million of Aid Delivered	Dollars of Aid Per Recipient [a]	FTE's Per 100 Aid Recipients [a]
Public			
A	1.48	$3,838	0.57
B	1.00	$3,078	0.31
C	0.93	$2,606	0.24
Average	1.27	$3,352	0.43
Private			
D	2.27	$2,176	0.49
E	2.76	$3,766	1.04
Average	2.47	$2,621	.65
Community College			
F	7.16	$1,422	1.02
G	3.94	$ 480	.19
Average	5.67	$ 744	.42
Proprietary			
H	2.72	$2,660	0.72
I	2.23	$3,322	0.74
Average	2.60	$2,800	.73

[a] Unduplicated count of recipients

III. CAMPUS FINANCIAL AID PROCESS: DELIVERY SYSTEM COSTS

III. CAMPUS FINANCIAL AID PROCESS: DELIVERY SYSTEM COSTS

The major activity while on site was to idenitfy, compile, and allocate FY 1982 delivery system costs. The costs were initially assigned to the financial aid functions previously discussed and allocated by the program based on the relationship between tne functions and each program. This section presents the costs of the delivery system at each institution surveyed.

A. PERSONNEL COSTS

Personnel costs include both salary and benefits.* Financial aid on campus is very labor intensive. Exhibit III-1, Personnel Costs as a Percentage of Total Costs, shows that personnel compensation ranges from 57% to 89% of total costs. The median for the institutions surveyed was 72%. This may be compared to a range of 50-60% for public agencies and nonprofit organizations with which we have experience. This demonstrates how truly labor intensive is the financial aid process.

---

* The benefits paid to employees by the institutions surveyed ranged from a high of 30% (Institution C) to a low of 11% (Institution I) of base salaries.

Factors that influence the percentage of total cost attributed to compensation include the rates of compensation, the type of staff members employed, and the operating characteristics of the institutions.

Institutions with highly automated financial aid operations tend to require fewer full-time equivalent staff members per aid recipient than do institutions with manual operations. Institutions C and G both have high levels of automation. One would therefore expect these institutions to show the lowest proportion of personnel costs as a percentage of total costs. However, that is it not the case.

- At Insitution C, where 72% of total costs are in personnel compensation, the costs for some of the automation was borne by the state of Pennsylvania, which subsidizes the financial aid process through its statewide automated system. In addition, the average compensation, as shown in Exhibit II-2, at this insitution was highest for nonstudent employees and contributes to the high proportion of costs in the personnel category.

- Institution G, which had the lowest average compensation, incurred 74% of its total costs in the area of personnel compensation. This percentage does not seem low when compared to other institutions with operations that are primarily manual. However,

Institution G does not administer the NDSL program, a program that typically incurs relatively high proportions of total costs at institutions that do administer the program. Specific program costs will be discussed in more detail later in this section.

Compensation within the financial aid process is an area of concern to the professional staff. As shown on Exhibit III-2, Compensation, the average nonstudent compensation ranged from a high of approximately $22,000 to a low of $13,000, with private institutions tending to pay the least on average. The actual disparity between types of institutions is also reflected in the compensation of the Director of Financial Aid. The average FY 1982 compensation, including fringe benefits, at the institutions surveyed for this position was:

1.	Public -	$ 38,000
2.	Community -	$ 33,300
3.	Private -	$ 32,900
4.	Proprietary -	$ 30,300

B. OTHER OPERATING COSTS

Exhibit III-3, Operating Cost Patterns of Institutions Surveyed, contains a list of other operating cost categories to which institutional costs were allocated. As shown on that exhibit and previously discussed, personnel compensation is by far the largest category of costs with a range from 57% to 89% of total costs.

Servicer charges for billing and collections make up the next largest proportion of total costs incurred by the institution. These charges are incurred primarily for the NDSL program, although some institutions administer other loan programs for which they are responsible for billing and collection. Institution G does not administer the NDSL program and therefore incurs no costs in this category. Other institutions that do administer loan programs incur costs that range from 3% to 15% of total costs. Among types of institutions there appears little pattern to the relative costs of collections when measured as a percent of total costs.

Data processing is a third significant area of cost, with a range from less than 1% to 20% of total costs. Typically, insitutions that incur high costs in data processing incur proportionately lower personnel costs. For example, Institution B devotes proportionately the least effort to personnel compensation and the most to data processing. However, the wide range in data processing cost percentages does not necessarily reflect differences in the degree of automation. In the case of Institutiuon C for example, much of the data processing support is supplied by a state-wide system. Although the institution is charged back for the computer services, it appears that spreading the system costs among a large number of institutions throughout the state keeps the costs incurred by the individual institutions within that state relatively low. Institution G, which also has highly automated financial aid operations, has a proportionately

large percentage of total effort, 16%, devoted to data processing. Institutions with little automation of financial aid operations incur low proportions of total costs in this area. Institutions F and I operate primarily with manual systems and incur less than one-half percent and two percent, respectively, in the data processing category.

Occupancy, which includes rent, utilities and maintenance costs, is the fourth major cost category in the financial aid delivery process. Institutions incur from 1% to 8% of administrative costs in this area. The proportion of costs for occupancy tends to be related to the location of the institutions. Instutution D, at the high end of the scale, is located in an exclusive metropolitan area. Institution H, at the low end, is situated in old facilities in an inner city area.

Supplies and miscellaneous costs, such as forms and printing, make up the fifth highest cost category. These costs run from 1% to 8% of total costs. All institutions, except the proprietary schools surveyed, incur 4% or less of their costs in this category. The proprietary institution are the exception; supplies and other miscellaneous costs make up 7% and 8% of their total cost structure. Part of this may be due to the greater emphasis the proprietary institutions place on such activities as advertising tnat traditionally are not priorities at other types of institutions.

Other types of costs, i.e., telephone and postage, make up relatively small proportions of total costs, from 1% to 3%. The exception is Institution I, whose telephone costs are 6% of total costs. One theory why these costs may be high is that the two campuses, while located close enough together to share financial aid staff, are located in different states and may therefore incur greater long distance charges.

C. COSTS BY FUNCTION

The costs by financial aid functions are summarized on Exhibit III-4 and are shown in detail in Exhibits III-5 through III-10. Based on the cost data collected during on-campus site visits, it appears that financial aid priorities can be ranked as follows:

1. Accounting and collections activities (17.3% - 37.0% of total costs)
2. Outreach, counseling and application processing (11.5% - 29.9% of total costs)
3. Packaging and awarding aid (10.5% - 25.5% of total costs)
4. Planning, budgeting and personnel administration (7.5% - 25.0% of total costs)
5. Needs analysis and eligibility determination (5.2% to 22.0% of total costs)
6. Reporting and regulations (4.0% to 15.7% of total costs)

The pattern of total costs by function are similar to the pattern of staffing levels by function, discussed in Section II. However, more dollars are dedicated to accounting and collections

activities whereas more staff are dedicated to outreach, counseling and application process. The difference in the relative ranking of these two categories when measured in terms of total dollars as compared to full-time equivalent staff is due to the costs of billing and collection services. Typically, institutions use outside agencies to perform billing services. Thus a large portion of the costs incurred for this activity are not for in-house personnel.

Examination of Exhibit III-9, Distribution of Accounting and Collections Activities, shows that the largest component of this function is in billing and collections. The proportion of loan aid that an institution administers influences the proportion of total effort devoted to this activity. For example, Institution A delivers only 1% of aid through the NDSL program; its billing and collections cost is 5% of total costs. In contrast, 31% of the aid delivered at Institution I is through the NDSL program. The billing and collections cost at Institution I is 24% of total costs. Specific program costs will be discussed in more detail later in this section.

Outreach, counseling and application processing is the second priority in terms of total effort. The range of effort for these activities, as follows, is wide by type of insitution with the exception of the private institutions.

- Public institutions: 17% to 30%

- Proprietary institutions: 19% and 25%
- Private institutions: 15% and 16%
- Community colleges: 12% and 21%

Exhibit III-5 shows the detail by specific activity of this cost category. All the institutions surveyed devote relatively little effort (2% or less) to outreach activities. The proprietary institutions surveyed allocated no resources to outreach. The financial aid administrator at one of the proprietary schools remarked that students go to the proprietary institutions because of the type of program offered, not because of financial aid. If this holds true at all proprietary institutions, it could explain why there are no resources dedicated to advertising financial aid.

Application processing constitutes a large proportion of effort at many schools. Institution A devotes proportionately the greatest resources, 17%; it serves a very large student population through labor-intensive manual processing. Institution G falls at the opposite end of the range with 4% of its resources in this function. It delivers student aid with highly automated operations. As previously discussed in Section II, the academic structure of an institution also affects the level of effort. Institutions on a quarter system tend to devote greater resources to the activity than do institutions on a semester system.

The second largest component of outreach, counseling and application processing is typically counseling. Proprietary institutions devote proportionately the greatest effort to

counseling. As discussed in Section II, this may be due to the monthly admission patterns and high student turnover that are characteristic of proprietary institutions.

Packaging and Awarding Aid, third in priority among major financial aid functions, requires from 11% to 26% of institutions' resources. The specific activities that make up this function are detailed in Exhibit III-7. As the exhibit shows, the activity with the greatest variance is that of disbursing funds, with a range of 2% to 15%. Institution I devotes significantly more resources to disburing activities than do other institutions. Again, the monthly admissions pattern of I could explain the high level of effort.

Other activities within the aid packaging and awarding function show relatively little variance. They account for 1% to 6% of total effort.

Administrative activities are ranked fourth in priority. Exhibit III-10 shows that, for most institutions, personnel administration is the most significant element of this component. There appears to be little pattern by type of institution for the relative levels of resources used in this function. It is noteworthy that for Institution C, which is highly automated, the identification of CWS positions requires a significantly larger amount of effort (8%) than is the case at other institutions, where resources dedicated to this activity run from less than 1%

to 3%. This activity requires proportionately greater effort at Institution C probably because it is a labor intensive activity whereas most of Institution C's activities are automated.

Needs analysis and eligibility determination, detailed in Exhibit III-6, fall fifth among major functions in terms of proportions of total effort. The relationships of total costs among institutions follow the same pattern as the relationships of full-time equivalent staffing requirements. See Section II for a discussion of the differences among institutions.

Reporting and Regulations require the lowest level of effort at most institutions. Exhibit III-8 shows the detail by activity. As with needs analysis and eligibility determination, the pattern of relative proportions of total costs is similar to that of full time equivalent staffing requirements. See the discussion in Section II for an explanation of differences among institutions.

D. COSTS BY PROGRAM

Costs identified by financial aid functions were allocated to specific aid programs based on the relationships between the programs and the functions. The programs to which costs were allocated include:

- Pell Grants
- National Direct Student Loans (NDSL)

- Supplemental Educational Opportunity Grants (SEOG)
- College Work Study (CWS)
- Guaranteed Student Loans (GSL)
- All other

The total administrative costs incurred by the nine institutions surveyed, shown in Exhibit III-11, were in excess of $5 million. Expressed as a percentage of total administrative costs, the programs were ranked as follows:

1.	NDSL --	25%
2.	GSL --	23%
3.	Pell --	21%
4.	All Other --	19%
5.	CWS --	6%
6.	SEOG --	6%

This ranking reflects the volume of recipients. As will be discussed further, the ranking in terms of costs per recipient is quite different. Examination of the dollars of aid awarded by program, in Exhibit III-12, shows there is little relationship between the resources devoted to administering the programs and the actual dollars awarded. The nine institutions surveyed administered nearly $142 million in aid during FY 1982. Comparisons between the percentage of total dollars awarded by program and total administrative costs by program indicate that programs that are most expensive to administer do not deliver the highest level of aid to recipients.

In order to get a better understanding of the costs of specific programs, we developed cost ratios to show the administrative costs per recipient and per $100 of aid awarded. Exhibits III-13 and III-14 show these ratios for each of the programs.

The average FY 1982 administrative costs incurred by the nine institutions surveyed for each recipient of aid within a given program run from $40 to $160. As shown in Exhibit III-13, the average administrative costs are ranked from the most expensive to the least expensive as follows:

1. NDSL -- $160 per recipient
2. CWS -- $66 per recipient
3. SEOG -- $58 per recipient
4. Pell -- $56 per recipient
5. All other -- $51 per recipient
6. GSL -- $40 per recipient

In terms of administrative costs per $100 of aid delivered, the ranking is similar:

1. NDSL -- $18.06
2. SEOG -- $ 9.53
3. Pell -- $ 6.40
4. CWS -- $ 5.98
5. All other -- $ 4.23
6. GSL -- $ 1.50

Each of these programs will be discussed in the order of least expensive to most expensive, in relation to these cost ratios in the following paragraphs.

1. Guaranteed Student Loan (GSL) Program

In all institutions surveyed, the administrative costs per $100 of aid delivered were lowest for the GSL program. In eight of the nine institutions, the GSL program costs per recipient were also lowest. Costs ranged from $15 to $66 per recipient for this program. Organizations such as lenders, state guarantee agencies, secondary markets, and loan servicers are the primary administrators of the GSL program. The low costs at the institutions surveyed can be attributed to low administrative requirements for campus financial aid offices. Institutions C and G, both of which have high levels of automation, were lowest in terms of costs per recipient.

Two financial aid administrators indicated that the GSL program, which requires verification of enrollment status for various state and other lending agencies, requires greater levels of effort when the student aid population consists of greater mixes of state origins. The three institutions with the lowest costs per recipient have primarily in-state students, and the institution with the highest costs per recipient,

Institution D, probably has the greatest mix of students in terms of geographic origin. However, this relationship does not always hold true. The student population at Institution F, a community college, is nearly 90% in state yet its costs per recipient are the second highest. However, operating characteristices of F, i.e., multiple campuses each with its own financial aid office, contribute to the high costs and may mask the effect of a more uniform student population.

2. All Other

Types of programs that fall into this category include state and institutional assistance as well as other outside sources of aid (e.g., civic organization scholarships). Many of these programs require low administrative effort. Most of these programs are not regulated by state or federal regulations. Consequently, reporting requirements tend to be low. In addition, one would expect application procedures to be less burdensome on average since many of the aid recipients apply to the outside source of assistance rather than to the institution. In some cases, awards are made directly to the recipients; the institution may be involved only to a limited extent, for example in areas of eligibility verification.

The administrative costs for this category average $51 per recipient and $4.23 per $100 of aid. Institution A reflects the high end of the scale of costs per recipient. Its financial aid director noted that a major determinant of costs of aid administration is the number and complexity of programs offered. This institution is the largest in the study both in terms of students and in the number of different programs administered. In contrast, institutions that offer relatively few types of other programs, like the proprietary institutions, incur lower costs per average recipient of other aid programs. In terms of costs per recipient, the two highly automated institutions, C and G, are the lowest.

3. Pell Grants

Pell Grants are third in terms of costs per recipient, at $56, and fourth in terms of costs per $100 of aid awarded at $6.40. It should be noted that the costs for this program are for FY 1982, prior to the increased validation requirements for this program. One might expect current costs to be higher.

Costs per recipient for this program fall wihin a fairly narrow range ($58 to $69) for five of the institutions. The highly automated institutions fall below this range, at $21 and $34. The relatively low costs for the Pell program, at least in terms of costs per recipient, reflect the relatively low administrative requirements at the institution. Much of the application and award determination effort is incurred by organizations outside the institution.

4. Supplemental Equal Opportunity Grants (SEOG)

SEOG is the third most expensive program in average administrative costs per recipient. It appears that differences in delivery costs among the institutions are due to differences in operating costs and characteristics rather than in characteristics of the types of institutions. As with the Pell Grant program, the institutions that expend the least per recipient are the ones that are most automated.

5. College Work Study (CWS)

CWS is the second most expensive program in costs per recipient. In general, one would expect higher administrative effort for this program. Institutions distribute funds to students through a payroll system.

Consequently, disbursements are more frequent and must be tied to actual hours worked. The institutions have the additional responsibility of identifying positions and matching job requirements with student skills. It is noteworthy that, for this program, the efficiencies of automated institutions are not as obvious. This is due to the labor intensity of the program.

Among the types of institutions, it appears that public schools are more efficient in administering CWS. Discussions with financial aid personnel during campus visits indicate that the public institutions surveyed devote a lower level of effort to job placement acitvities than do other types of institutions. The private institutions in this study spend more effort in matching students and positions and consequently incur higher costs. Community colleges and proprietary Institution H tended to be least efficient in administering the program.

Many students in the CWS program work in the same job position during their entire tenure at an institutiuon. One would expect the financial aid office to dedicate less effort in placement in these cases. Consistent with this theory, both proprietary and community

colleges, where student turnover is greater than it is at four-year public and private institutions, have higher administrative costs for the CWS program.

The CWS program at the proprietary institution, H, that administers the CWS program is by far the most costly at $279 per recipient. The probable cause for this lies in the federal regulations. Organizations that operate for profit are prohibited from employing students on the federal work study program. Proprietary institutions must place CWS students in off-campus positions. One would expect such outside placement to require more effort. In fact, for this reason, Institution I elected to drop the CWS program several years ago.

When one looks at the costs of the work study program in terms of costs per $100 of aid awarded, a different picture emerges. At $5.98 per $100 on average, the program appears to be the third most efficient delivery mechanism. Public institutions tend to be most efficient when ranked by this measure. One would expect this to be true due to proportionately less effort on job placement and low student turnover. As with costs per recipient, the private and proprietary institutions are the most expensive.

6. National Direct Student Loan (NDSL)

At seven of the eight institutions that administer the NDSL program, it was significantly more costly than any of the other programs. The only insitution that administered a more expensive program was H where, as previously discussed, the CWS program was the most expensive. The NDSL program was more expensive at community colleges and proprietary institutions, which one might expect since the student population at these institutions is typically from lower income backgrounds. Conversely, one might also expect the program to be least expensive at private institutions where students are typically of higher income. This is true when looking at costs per $100 of aid. However, it is not clearly so in terms of costs per recipient. In terms of costs per recipient, public institutions appear to be the most efficient. Institution B, known for its strong honor system, incurs the lowest costs per recipient.

Exhibit III-15, NDSL Current and Collections Costs, splits the administrative costs of the program into the following two portions:

- Current costs are those incurred for processing applications, disbursing funds and performing other administrative activities relating to awarding funds to current students.

- Collections costs are incurred in servicing loans, i.e., billing and collecting loans that have come due.

For the institutions surveyed, current costs are only $59 per recipient on average. When current costs of the NDSL program are compared to the other programs, it appears that this program is in about the same cost range as the Pell and SEOG programs. In terms of costs, it appears that the bulk of the administrative burden lies in the collections area.

Collection costs are incurred to recover principal and interest on loans awarded in prior years. The NDSL Program allows a financial aid office to deliver current dollars to aid recipients, but an essential feature of the program is that the institution sustains an obligation to incur a significant stream of future year collection costs.

To determine collection costs per recipient and per $100 of aid, it is necessary to look at prior recipient and award information. Collection costs should be analyzed

in relation to outstanding principal and number of loans in repayment. Loans paid in full, portions of loans cancelled, and loans not in repayment should be excluded. In additiion, to capture the full costs of the program, the cost of capital must be identified. Further collection and analysis of these types of data are required to address adequately the costs of the NDSL program.

Cost ratios provide insights into the relative costs of different programs at the insitutions surveyed. Many students receive more than one type of financial assistance. Examination of costs per unduplicated recipient reflects certain insights into factors previously discussed that affect the costs of administering financial assistance. Exhibit III-16 shows that the total costs for all programs averages from $33 to $208 per recipient. As has been discussed, institutions with highly automated operations have the greatest efficiencies in campus administrative activities. Public and community colleges (excluding institution F with its relatively inefficient decentralized delivery system) have overall costs per recipient that are lower than those at private and proprietary schools.

E. ADMINISTRATIVE COST ALLOWANCE

The financial aid operations at the institutional level are subsidized by an administrative cost allowance (ACA) from the federal government. For the institutions surveyed, Exhibit III-17

shows the extent of this federal subsidy. For FY 1982, the administrative allowance was paid only for the campus-based financial aid programs which include NDSL, SEOG and CWS. As the exhibit shows, in no case was the ACA adequate to cover the actual costs incurred in delivering the three campus-based programs. It covered from 7% to 60% of the actual costs.

Institutions receive an additional subsidy through the federal CWS program. Under this program, students receive up to 90% of their compensation from the federal government. Thus, up to 90% of the cost of federally funded CWS students working for the institutions is not an expense to the institution. The federal contributions to student compensation for financial aid activities for six* of the institutions surveyed are shown in Exhibit III-18, Estimate of Federal Funding for Student Employees Participating in Financial Aid Activities. However, adding this subsidy to the ACA still does not provide full reimbursement for the administrative costs incurred by the institutions. Exhibit III-19 shows that this additional subsidy provides total cost coverage of from 32% to 83%.

* Information was available for only six of the seven institution surveyed that employed CWS students on campus.

F. SUMMARY OF MAJOR OBSERVATIONS - CAMPUS FINANCIAL AID PROCESS: DELIVERY SYSTEM COSTS

It should be noted that these observations are based on data collection and interviews at only nine institutions. Consequently, these observations should be considered as working hypotheses subject to further verification.

1. Opportunities exist to improve the efficiency of the financial aid delivery systems. There is very little relationship between the resources devoted to administering aid and the actual dollars awarded. The administratively most expensive programs do not deliver the most dollars of aid.

2. The campus financial aid process is highly labor intensive. Expressed as a percentage of total operating costs, personnel costs (salary and benefits) ranged from 57% to 89%. The median was 72%.

3. Automation can reduce costs by requiring fewer FTE staff to deliver a given amount of aid.

4. In addition to personnel, the major operating costs incurred by FAO's are (in descending order):

   - Servicer charges for billing and collection (primarily NDSL);
   - Data processing;
   - Occupancy; and
   - Supplier and miscellaneous costs.

5. To the extent costs reflect FAO priorities, the functions performed by the FAO may be ranked from highest to lowest as follows:

   - Accounting and collections;
   - Outreach, couseling and application processing;
   - Packaging and aid awarding;
   - Planning, budgeting, and personnel administration;

- Needs analysis and eligibility determination; and

- Reporting and regulation.

6. The most and the least expensive programs to administer were both loan programs.

   - The least expensive program to administer was the GSL. Most of the costs of adminstation in this program are incurred by other parties, such as lenders, state guarantee agencies, secondary markets, and loan servicers.

   - The most expensive program to administer was the NDSL. Approximately 65% of the current year costs were incurred to bill and collect prior year loans. Further analysis is warranted to determine the cost to the institution and to the student over the life of the loan.

   - The wide variation in costs between these programs suggests the GSL is a more economical delivery mechanism to the educational institutions.

7. The Administrative Cost Allowance (ACA) provided by the Federal government is inadequate to cover the actual adminstrative costs of campus-based programs. It covered from 7% to 60% of the actual costs. Even if the ACA is adjusted to reflect the CWS subsidy provided when CWS recipients work in the FAO, the cost coverage is inadequate at 32% to 83%.

EXHIBITS TO SECTION III

Exhibit III-1

PERSONNEL COSTS AS A PRECENTAGE OF TOTAL COSTS

Institution	Personnel Costs*	Non-Personnel Costs (%)	Total Costs (%)
A	73%	27%	100%
B	57%	43%	100%
C	72%	28%	100%
D	65%	35%	100%
E	75%	25%	100%
F	89%	11%	100%
G	74%	26%	100%
H	71%	29%	100%
I	67%	33%	100%
RANGE	57% - 89%	43% - 11%	
MEDIAN	72%	28%	

*Includes benefits and student employees.

Exhibit III-2

COMPENSATION

INSTITUTION	FULL-TIME EQUIVALENT STAFF			AVERAGE COMPENSATION		
	NONSTUDENT	STUDENT	TOTAL	NONSTUDENT	STUDENT	TOTAL
A	$ 70.8	$ 29.8	$ 100.6	$ 19873	$ 12828	$ 17786
B	20.1	1.5	21.6	17725	6968	16978
C	13.8	8	21.8	22393	6178	16443
D	22.8	1.9	24.7	15345	7097	14710
E	18.3	1.9	20.2	15800	6380	14914
F	18.2	4.9	23.1	17616	7203	15407
G	9.4	1.6	11	13191	9831	12702
H	6.4	3.1	9.5	19012	11439	16541
I	2.6	0	2.6	15219	0	15219
TOTAL/AVERAGE	$ 182.4	$ 52.7	$ 235.1	$ 18186	$ 10517	$ 16467

Exhibit III-3

OPERATING COST PATTERNS OF INSTITUTIONS SURVEYED

Operating Cost Category	A	B	C	D	E	F	G	H	I
1. Personnel	73%	57%	72%	64%	75%	89%	74%	71%	67%
2. Other Operating Costs									
a. Billing Service Charges, Collections, Litigation and Professional Services	8[a]	13	10	15	6	4	-	3	14
b. Data Processing	8	20	8	10	8	*	16	13	2
c. Occupancy	6	4	7	8	4	4	4	1	4
d. Supplies and Miscellaneous		3	1		4	2	4	8	7
e. Postage	5	2	1	3	1	*	1	1	*
f. Telephone		1	1		2	1	1	3	6
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

* Less than 0.5%

[a] Includes inhouse billings and collections costs

Touche Ross & Co.

Exhibit III-4

DISTRIBUTION OF TOTAL COSTS BY MAJOR FUNCTION

FUNCTION	A	B	C	D	E	F	G	H	I	Range
Outreach, Counseling, and Application Distribution and Receipt	29.9%	17.5%	17.0%	15.0%	15.9%	21.1%	11.5%	19.0%	25.1%	11.5 - 29.9%
Needs Analysis and Eligibility Determination	7.2	11.0	7.0	15.0	10.2	15.7	22.0	12.4	5.2	5.2 - 22.0%
Packaging and Awarding	12.0	17.5	15.0	10.5	19.9	19.0	14.0	14.3	25.5	10.5 - 25.5%
Reporting, Regulatory Review and Program Audits	9.5	9.5	9.0	8.5	11.0	15.7	9.5	11.3	4.0	4.0 - 15.7%
Accounting and Collections	28.0	37.0	27.0	33.0	24.4	17.3	23.0	19.0	31.8	17.3 - 37.0%
All Other Activities	13.4	7.5	25.0	18.0	18.6	11.2	20.0	24.0	8.4	7.5 - 25.0%
Total	100.0%	100.0%	100.0%	100.0%	100.1	100.0%	100.0%	100.0%	100.0%	

Touche Ross & Co.

Exhibit III-5

DISTRIBUTION OF TOTAL COST BY ACTIVITY:
OUTREACH, COUNSELING, AND
APPLICATION DISTRIBUTION AND RECEIPT

	A % of Total	B % of Total	C % of Total	D % of Total	E % of Total	F % of Total	G % of Total	H % of Total	I % of Total
I. Outreach, Counseling, and Application Distribution and Receipt									
A. Outreach	1.1%	0.5%	1.0%	1.0%	1.7%	1.7%	2.0%	- %	- %
B. Application Processing	17.2	10.0	6.0	3.0	8.0	12.9	4.0	3.0	10.9
C. Counseling	9.8	7.0	9.0	7.0	6.2	6.3	5.0	13.0	14.2
D. Other	1.8	-	1.0	4.0	-	0.2	0.5	3.0	-
Total	29.9%	17.5%	17.0%	15.0%	15.9%	21.1%	11.5%	19.0%	25.1%

Touche Ross & Co

Exhibit III-6

DISTRIBUTION OF TOTAL COST BY ACTIVITY:
NEEDS ANALYSIS AND ELIGIBILITY DETERMINATION

	A % of Total	B % of Total	C % of Total	D % of Total	E % of Total	F % of Total	G % of Total	H % of Total	I % of Total
II. Needs Analysis and Eligibility Determination									
A. Needs Analysis	1.8%	8.0%	1.0%	5.0%	5.7%	6.5%	1.0%	5.0%	1.8%
B. Other Eligibility Determination and Verification	4.5	1.0	3.0	8.0	3.8	5.1	13.0	5.0	.4
C. Pell Grant Validation	.7	2.0	3.0	1.0	0.7	3.3	6.0	2.0	3.0
D. Other	.2	-	-	1.0	-	0.8	2.0	0.4	-
Total	7.2%	11.0%	7.0%	15.0%	10.2%	15.7%	22.0%	12.4%	5.2%

Touche Ross & Co

Exhibit III-7

DISTRIBUTION OF TOTAL COST BY ACTIVITY:
PACKAGING AND AWARDING

	A % of Total	B % of Total	C % of Total	D % of Total	E % of Total	F % of Total	G % of Total	H % of Total	I % of Total
III. Packaging and Awarding									
A. Aid Packaging and Award Determination	4.5%	6.0%	4.0%	2.0%	4.5%	3.8%	2.0%	5.0%	1.9%
B. Prepare and Mail Award Letters	7.0	3.0	4.0	1.0	2.8	5.7	1.0	4.0	4.7
C. Disburse Funds	2.6	2.0	4.0	5.0	8.4	5.6	6.0	2.0	14.6
D. Award Revisions	2.9	6.0	2.0	2.0	3.5	1.8	2.0	3.0	3.8
E. Other	-	0.5	1.0	0.5	0.7	2.1	3.0	0.3	.5
Total	12.0%	17.5%	15.0%	10.5%	19.9%	19.0%	14.0%	14.3%	25.5%

Touche Ross & Co

Exhibit III-8

DISTRIBUTION OF TOTAL COST BY ACTIVITY:
REPORTING AND REGULATIONS

		A % of Total	B % of Total	C % of Total	D % of Total	E % of Total	F % of Total	G % of Total	H % of Total	I % of Total
IV.	Reporting, Regulatory Reviews and Program Audits									
	A. State Reporting	1.2%	2.0%	2.0%	0.5%	0.3%	2.8%	2.0%	0.3%	0.1%
	B. Institutional Reporting	3.9	1.0	1.0	1.0	7.0	1.0	2.0	2.0	0.3
	C. Federal Reporting	1.6	4.0	3.0	1.0	1.5	6.4	3.0	6.0	3.2
	D. Reviewing Federal Regulations	.8	2.0	2.0	3.0	1.5	4.4	1.0	2.0	0.3
	E. Program Reviews and Audits	.6	0.5	1.0	2.0	0.7	0.8	1.0	1.0	0.1
	F. Other	1.4	-	-	1.0	-	0.3	0.5	-	-
	Total	9.5%	9.5%	9.0%	8.5%	11.0%	15.7%	9.5%	11.3%	4.0%

Touche Ross & Co.

Exhibit III-9

DISTRIBUTION OF TOTAL COST BY ACTIVITY:
ACCOUNTING AND COLLECTIONS

	A % of Total	B % of Total	C % of Total	D % of Total	E % of Total	F % of Total	G % of Total	H % of Total	I % of Total
V. Accounting and Collections									
A. Accounting	5.9%	15.0%	6.0%	10.0%	7.4%	7.6%	10.0%	10.0%	7.6%
B. Billing and Collections	21.5	21.0	19.0	21.0	15.8	9.4	12.0	5.0	24.2
C. Other	.6	1.0	2.0	2.0	1.2	0.3	1.0	4.0	-
Subtotal	28.0%	37.0%	27.0%	33.0%	24.4%	17.3%	23.0%	19.0%	31.8%

Touche Ross & Co.

Exhibit III-10

DISTRIBUTION OF TOTAL COST BY ACTIVITY:
ALL OTHER ACTIVITIES

	A % of Total	B % of Total	C % of Total	D % of Total	E % of Total	F % of Total	G % of Total	H % of Total	I % of Total
A. Planning and Budgeting	2.9%	1.0%	3.0%	1.0%	3.1%	1.8%	1.0%	4.0%	0.2%
B. Develop Policies and Procedures	3.0	0.5	2.0	1.0	1.6	1.1	1.0	1.0	0.2
C. Personnel Administration	4.5	2.0	3.0	1.0	6.9	4.3	3.0	1.0	4.6
D. Interface with Other Offices	2.0	3.0	3.0	2.0	3.3	2.0	2.0	5.0	3.4
E. CWS Placement	0.5	0.5	8.0	1.0	2.5	1.9	3.0	2.0	-
F. Other	0.5	0.5	6.0	12.0	1.2	0.1	10.0	11.0	-
Subtotal	13.4%	7.5%	25.0%	18.0%	18.6%	11.2%	20.0%	24.0%	8.4%

Exhibit III-11

TOTAL ADMINISTRATIVE COSTS BY PROGRAM

ADMINISTRATIVE COSTS BY PROGRAM

INSTITUTION	PELL	NDSL	SEOG	CWS	GSL	OTHER	TOTAL
A	$ 512685	$ 667030	$ 149165	$ 77806	$ 679277	$ 351319	$ 2437284
B	79083	206262	21575	45749	131035	159152	642855
C	84384	111034	23087	81572	104609	94926	499612
D	63466	155086	21899	24287	184648	114211	563598
E	38073	102974	34955	47467	48163	132797	404429
F	169853	63069	37271	46138	38309	48325	402139
G	65148	0	13377	12960	7555	89971	189011
H	100509	16305	8745	7261	51375	37428	221625
I	11855	26393	8757	0	8466	3384	58855
TOTAL	$ 1124256	$ 1348153	$ 318831	$ 343240	$ 1253437	$ 1031513	$ 5419408

Exhibit III-12

DOLLARS OF AID AWARDED BY PROGRAM

INSTITUTION	PELL	NDSL	SEOG	CWS	GSL	OTHER	TOTAL
	DOLLARS OF AID AWARDED BY PROGRAM						
A	$ 7512851	$ 3234672	$ 1298139	$ 2122402	$ 40970623	$ 12945390	$ 68083277
B	1249120	1778425	432760	691637	13512641	3919871	21584654
C	3450324	450110	635513	1521123	15293298	2102929	23453297
D	664934	866500	208600	221730	7002125	1899871	10863760
E	588818	654838	441882	588019	2674383	2359058	7306998
F	1160992	98080	92407	385208	1323214	164977	3224878
G	1215405	0	133465	174423	474255	794592	2792140
H	1510259	18650	19536	34619	1699359	287649	3490072
I	212380	362602	84539	0	490000	16578	1166099
TOTAL	$ 17564283	$ 7463877	$ 3346841	$ 5739361	$ 83439898	$ 24410915	$ 141965175

Exhibit III-13

ADMINISTRATIVE COSTS PER AID RECIPIENT

	ADMINISTRATIVE COSTS PER RECIPIENT						
INSTITUTION	PELL	NDSL	SEOG	CWS	GSL	OTHER	AVERAGE
A	$ 63.29	$ 176.89	$ 71.27	$ 82.16	$ 49.89	$ 101.65	$ 76.17
B	58.19	117.26	58.79	56.69	29.12	45.09	52.17
C	21.87	126.46	19.82	40.54	14.85	19.82	25.11
D	97.84	199.88	89.75	88.88	65.73	96.38	94.77
E	63.77	148.38	56.75	80.86	42.96	53.92	66.54
F	91.33	284.89	94.84	117.70	65.37	82.05	99.71
G	34.29	0.00	39.58	84.71	27.27	24.64	29.91
H	69.83	236.30	84.90	279.27	59.12	77.33	73.72
I	64.43	125.89	57.61		43.19	54.58	73.11
AVERAGE	$ 55.92	$ 160.49	$ 58.28	$ 66.01	$ 40.41	$ 51.84	$ 59.95

Exhibit III-14

ADMINISTRATIVE COSTS PER $100 OF AID AWARDED

INSTITUTION	ADMINISTRATIVE COSTS PER $100 OF AID						
	PELL	NDSL	SEOG	CWS	GSL	OTHER	AVERAGE
A	$ 6.82	$20.62	$ 11.49	$ 3.67	$ 1.66	$ 2.71	$ 3.58
B	6.33	11.60	4.99	6.61	0.97	4.06	2.98
C	2.45	24.67	3.63	5.36	0.68	4.51	2.13
D	9.54	17.90	10.50	10.95	2.64	6.01	5.19
E	6.47	15.73	7.91	8.07	1.80	5.63	5.53
F	14.56	64.30	40.33	11.98	2.90	29.29	12.47
G	5.36		10.02	7.43	1.59	11.32	6.77
H	6.66	87.43	44.76	20.97	3.02	18.02	6.35
I	5.58	7.28	10.36		1.73	20.41	5.05
AVERAGE	$ 6.40	$18.06	$ 9.53	$ 5.98	$ 1.58	$ 4.23	$ 3.82

Exhibit III-15

NDSL CURRENT AND COLLECTIONS COSTS

INSTITUTION	NDSL COSTS CURRENT	NDSL COSTS COLLECTIONS	NDSL COSTS TOTAL	CURRENT COSTS PER RECIPIENT	CURRENT COSTS PER $100 OF AID
A	$ 254709	$ 412321	$ 667030	$ 67.24	$ 7.87
B	77909	128353	206262	44.29	4.38
C	17400	93634	111034	19.82	3.87
D	61827	93259	155086	79.37	7.14
E	38919	64055	102974	56.08	5.94
F	25305	37764	63069	113.99	25.80
G	0	0	0	0.00	0.00
H	6202	10103	16305	89.88	33.25
I	12136	14257	26393	57.52	3.35
TOTAL/AVG	$ 494407	$ 853746	$ 1348153	$ 58.66	$ 6.62

Exhibit III-16

ADMINISTRATIVE COSTS PER UNDUPLICATED RECIPIENT

Institution	
A	$137
B	$ 92
C	$ 56
D	$113
E	$208
F	$177
G	$ 33
H	$169
I	$168
Average	$107

Exhibit III-17

FY 1982 ADMINISTRATIVE COST ALLOWANCE

Institution	ACA NDSL	ACA SEOG	ACA CWS	ACA Total	Actual Campus-Based Administrative Cost	ACA as a Percent Of Actual
A	$ 40,785	$256,417	$ -	$297,202	$894,001	33%
B	$ 39,990	$ -	$103,631	$143,621	$273,586	52%
C	$114,627	$ 15,710	$ -	$130,337	$215,693	60%
D	$ 66,132	$ 10,430	$ 11,090	$ 87,652	$201,272	44%
E	$ 48,111	$ 22,094	$ 33,246	$103,451	$185,396	56%
F	$ 8,730	$ 6,346	$ 13,709	$ 28,785	$146,478	20%
G	$ -	$ 6,673	$ 8,721	$ 15,394	$ 33,892	45%
H	$ -	$ -	$ 2,264	$ 2,264	$ 33,311	7%
I	$ 4,056	$ 65	$ -	$ 4,121	$ 35,150	12%

Exhibit III-18

ESTIMATE OF FEDERAL FUNDING FOR STUDENT EMPLOYEES PARTICIPATING IN FINANCIAL AID ACTIVITIES[a]

Institution	Students Employed Under the Federal CWS Program			
	Percent of Total Student FTE's	Estimate of Total Compensation	Rate of Federal Contribution	Amount of Federal Contribution
A	69%	$264,425	75%	$198,300
B	100%	$ 10,452	80%	$ 8,400
D	50%[b]	$ 6,742	80%	$ 5,400
E	100%	$ 12,122	80%	$ 9,700
F	65%[b]	$ 22,942	80%	$ 18,400
G	100%	$ 15,730	80%	$ 12,600

a/ Information was available for only six of the seven institutions surveyed that employed federal CWS students on campus.

b/ Estimates provided by Financial Aid Offices.

Touche Ross & Co.

Exhibit III-19

ACTUAL ADMINISTRATIVE COSTS COMPARED WITH ADMINISTRATIVE COST ALLOWANCE AND FEDERAL CONTRIBUTIONS TO STUDENT COMPENSATION[a/]

Institution	FY 1982 ACA	Federal CWS Subsidy[b/]	Total Federal Subsidy[c/]	Actual Campus-Based Administrative Costs	Total Federal Subsidy as a Percent of Actual
A	$297,202	$198,300	$495,502	$894,001	55%
B	$143,621	$ 8,400	$152,021	$273,586	56%
D	$ 87,652	$ 5,400	$ 93,052	$201,272	46%
E	$103,451	$ 9,700	$113,151	$185,396	61%
F	$ 28,785	$ 18,400	$ 47,185	$146,478	32%
G	$ 15,394	$ 12,600	$ 27,994	$ 33,892	83%

a/ Information was available for only six of the seven institutions surveyed that employed CWS students on campus.

b/ For federal CWS students employed in financial aid administration.

c/ Total of FY 1982 ACA and federal CWS subsidy to compensation of students employed in financial aid administration.

Touche Ross & Co.

IV. CAMPUS FINANCIAL AID PROCESS:

MANAGEMENT PERSPECTIVES OF FINANCIAL AID OFFICERS

IV. CAMPUS FINANCIAL AID PROCESS: MANAGEMENT PEERSPECTIVES OF FINANCIAL AID OFFICERS

During site visits to the institutions in the study, we conducted interviews with the management of the financial aid offices. The financial aid administrators provided their insights and management perspectives on various issues that relate to the administration of assistance programs. The interviews focused on

- Financial aid management practices; and
- The impact of regulatory requirements.

This section reports the results of those discussions.

A. FINANCIAL AID MANAGEMENT PRACTICES

Different approaches to administering financial aid programs at the campus level affect the delivery process. Some of the major management practices are discussed below.

- Use of Financial Aid in Attracting and Retaining Students

  The financial aid directors at the public institutions surveyed believed that the administration of aid was important and effective in supporting institutional goals to attract minority students. At these institutions, financial aid administrators indicated that minority students typically received a better quality package of aid. That is, the aid these students received included a high proportion of grants.

One financial aid administrator remarked that, since minority students were less likely to complete their academic programs, grant aid was essential to these students and they should not be treated the same as other students with higher probabilities of success (i.e., with higher potential to repay student loans). One of the private institutions delivers a proportionately large number of merit-based awards. It too had a policy of constructing aid packages to attract students it wished to attend the institution.

At Institution I, a private school, the financial aid office attempts to notify applicants to the school of their aid awards earlier than is typical of public schools. The Director of Financial Aid believed this was important because, with higher tuition costs at private schools, students need to know sooner what their aid packages include. Earlier notification allows students more time to arrange additional financing if necessary. However, the financial aid director believed this policy increased the cost of aid delivery at his institution because of greater staff requirements earlier in the year and greater number of adjustments later in the year.

- Types of Financial Aid Programs Administered

In most cases, institutions adminstered programs of assistance to maximize the dollars of aid available to students. One institution, however, dropped the NDSL program because of a high default rate and inadequate

staff. A second institution has considered dropping the program, primarily because of the burden associated with collections. Several of the financial aid administrators believed that the billing and collections role was an inappropriate one for academic institutions.

At one of the proprietory institutions where CWS students are precluded from working for the institution, the CWS program was not administered. The director of financial aid cited several reasons for dropping the program: the difficulty in identifying and monitoring off-campus employment positions, the intensity of the academic program at the institution and loss of students to off-campus employers.

- Use of Student Employees

All of the institutions, except one of the proprietary schools, used student employees to assist in the delivery of financial assistance. In some cases, students comprise a major proportion of the workforce. However, two financial aid directors do not use students for certain activities. Students were not employed in positions that required access to confidential data in one institution. Another institution did not employ students in disbursing functions.

Typically, institutions paid students at lower rates than the full-time staff received. In several instances, students were paid the minimum wage rate. The exception to this was Institution A, where the school has a strong policy of equal pay for equal work.

Opposite viewpoints were expressed around the efficiency of student employees. One financial aid administrator believed that any part-time employee, student or nonstudent, was less efficient because of higher training and supervisory requirements. Another financial aid administrator cited statistics from internal research at his institution that showed students were more efficient than regular employees. He believed this was due to the kind of student that would seek employment.

B. THE IMPACT OF REGULATORY REQUIREMENTS

All financial aid directors expressed high levels of frustration with the regulatory process and its impact on financial aid operations. This section highlights specific areas of concern.

- Year-to-Year Changes in Regulations

  All financial aid officers beleived that the frequent and untimely changes in the regulations governing financial aid programs presented serious problems to financial aid offices and students. Several administrators remarked that the staff was not able to keep up with the changes. All institituons used a hotline service provided by the National Association of Financial Aid Administrators. One administrator reported that audits of his program had uncovered potential financial liabilities to the institution.

Particularly frustrating to the institutions was the lack of lead time in implementing changes, especially in regard to payment schedules. In most cases, the institutions estimate payment schedules and notify students of estimated awards so that they will be able to make decisions. However, when regulations are issued, aid packages must generally be revised. Administrators reported not only that this is a costly procedure but that it results in loss of credibility in the financial aid office among students and reduced morale among financial aid employees.

- Satisfactory Progress

The requirement to verify that students receiving aid make satisfactory progress caused varying levels of difficulty at the institutions surveyed. Several of the institutions had systems in place to ensure minimum achievement standards. In these institutions the burden of federal regulations to ensure satisfactory progress was minimal.

Other institutions had more difficulty in complying with this regulation. At a large public institution that consists of a large number of separate colleges each with its own set of academic standards, the financial aid administrator reported that confirming satisfactory progress required a massive manual effort.

One of the proprietary institutions operated on a clock hour system. Confirming satisfactory progress at this institution meant monthly reviews of the percentage of attendance for the students on financial assistance.

The satisfactory progress requirement conflicted with one of the missions of a community college surveyed. The community college was established to serve the needs of the community population. For at least one campus of the institution, a large portion of the population required developmental instruction that did not meet the regulations regarding satisfactory progress.

- Validation of Income for Pell Grants

Only one of the institutions surveyed had required students applying for financial assistance to submit copies of the Federal 1040 Form in order to verify income data. This institution reported that increased requirements for Pell validations required no incremental effort.

All other financial aid administrators reported difficulty in complying with this regulation. It has caused greater amounts of paperwork, slower processing and delays in delivering aid to the students. One director noted that the validation requires checks of other financial information such as interest and capital gains data. Financial aid counselors have therefore had to acquire a certain level of tax expertise.

Three directors believed validation requirements have caused a loss of credibility in the financial aid office among students. One director remarked that this and other regulations have caused a poor public image with the people the institution is trying to serve.

- Verification of Selective Service Registration

  Although regulations regarding verification of selective service registration had not been developed at the time of our site visits, most financial aid officers believed such verification would be an inappropriate responsibility of the institution. Four of the directors remarked that such a regulation would be discriminatory in that only unregistered students would be identified. One director was concerned about the potential precedent such a regulation could establish in that the financial aid office could become a Federal agent to monitor student behavior.

One financial aid administrator summarized the impact of increased regulation on financial aid office operations. He sees a change in the focus of the financial aid office from counseling students to enforcing compliance with regulations. This change in focus has changed the nature of the financial aid office's relationships with students. Because resources must be devoted to meet increased regulatory requirements, the quality of other services has been reduced.

C. Summary of Major Observations

It should be noted that these observations are based on data collection and interviews conducted at only nine institutions. Consequently, these observations should be considered as working hypotheses subject to further verification.

1. Institutions used financial aid to attract and retain students. For example, some institutions emphasized grant aid to attract minorities. Others use aid packages to attract particularly qualified students.
2. The NDSL program appeared to present the most administrative difficulties to FAO's.
3. Students employees supplied low cost, unskilled labor to assist to administer the paper intensive financial aid process. Students generally receive lower hourly pay than professional staff, some portion of which (up to 80% at the institutions surveyed) was often paid with Federal funds.
4. The greatest regulatory problem was the number of year-to-year changes which need to be implemented with minimal lead time. In addition, two other issues arose in FY 1983:
   - Pell validations; and
   - Selective Service registration verification.

   Both of these issues caused, or are expected to cause, major procedural changes.

Appendix A

OVERVIEW AND OPERATING CHARACTERISTICS OF INSTITUTIONS STUDIED

Appendix A

OVERVIEW AND OPERATING CHARACTERISTICS OF INSTITUTIONS STUDIED

Nine institutions were selected for this study. They included:

- Three public four-year institutions;
- Two private four-year institutions;
- Two community colleges; and
- Two proprietary colleges.

Each institution is described in a separate action of this Appendix. Exhibits A-1, A-2, and A-3 contain summary information on each institution

INSTITUTION A

Background

Institution A is a state land grant university located in a metropolitan area in the Midwest. It is a four-year public institution with an enrollment in excess of 40,000. Operating on the quarter system, it offers over 250 majors as well as graduate level programs in the health sciences, law, engineering, agriculture, forestry, and the arts and sciences.

Financial Aid Organization and Staffing

A staff of approximately 60 full-time employees, assisted by both graduate and undergraduate students, administer to approximately 32,000 aid recipients. The FAO is managed by a Director of Financial Aid, to whom report the three assistant directors who head the three major operational areas of the FAO:

- Student counseling and special programs;
- Processing and fiscal management; and
- Student employment.

The FAO operation is very labor intensive. Very little automated support is available.

Institution A's FAO has undergone substantial change in recent years. The office was reorganized in mid-1982, shortly after a new financial aid director was appointed to head the staff. Due to state budget cuts, staff levels have been reduced by 20% in the past two years while application and processing requirements have increased. As a result, many staff members work extensive overtime hours without compensation. The FAO Director acknowledged that Institution A is unable to comply with all state and Federal regulations at its current staffing levels. He estimated a 20% increase in personnel resources would be required to keep pace with financial aid requirements.

Financial Aid Programs

Of all the institutions surveyed, Institution A administers the most extensive program of gift, loan, and employment assistance (Exhibits A-2 and A-3). Over $68 million was provided to students. Exhibit A-3 provides a distribution of dollars and recipients by program. Excluded from the financial aid statistics is an additional $50 million which students earn through non-work study employment at the institution. Over 60% of financial assistance is delivered to students through the Guaranteed Student

Loan programs. These loans, combined with other forms of aid administered by the institution, contributed in FY 1982 an average of over $3,800 to each recipient (unduplicated count).

INSTITUTION B

Background

Institution B is a four-year public university with an enrollment of over 16,000. It operates on the semester system. Located in a large town in the East, Institution B offers extensive undergraduate and graduate programs. Seventy percent of Institution B's graduates enter graduate or professional programs. About 65% of its student population comes from within the state.

Financial Aid Office Organization and Staffing

The FAO is headed by a Director of Financial Aid. During the 1982 academic year, financial aid was administered by seven full-time professional staff members and seven support staff. The FAO has had no staff turnover in the last three years. In addition to full-time staff, several student employees assisted on a part-time basis.

Financial Aid Programs

The FAO at Institution B administered over $21 million in financial aid. Exhibit A-2 lists the types of aid available at the institution in FY 1982. Exhibit A-3 summarizes the amounts of aid and number of recipients by program.

INSTITUTION C

Background

Institution C, a four-year public university, offers undergraduate and graduate programs. Its student enrollment, 95% of which is in-state, was about 12,000 in the Fall of 1981. The institution is in a rural environment near a large town in the Northeast.

Financial Aid Office Organization and Staffing.

Six full-time staff manage the financial aid office at Institution C. The office relies heavily upon student employees, particularly in clerical functions. In the 1982 academic year, 21 students worked in the FAO. Financial aid operations at Institution C are highly automated. A statewide system provides automated packaging, needs analysis, and tracking services.

Financial Aid Programs

During FY 1982, over $23 million in financial aid was delivered to about 9,000 students. Exhibits A-2 and A-3 show a break out of financial aid programs by type. The aid package delivered in 1981-82 school year averaged 72% of the typical student budget.

INSTITUTION D

Background

Institution D is a four-year private university located in the East. It includes eleven colleges, schools, and divisions located in a metropolitan area. It offers four-year undergraduate programs as well as programs of advanced study and research leading to graduate degrees in the arts and sciences, health sciences, law and engineering. Its Fall 1981 enrollment was over 18,000 of which approximately 5,000 students were enrolled full-time in undergraduate programs. Only 20% of the student population is in-state. Exhibit A-1 summarizes characteristics of Institution D.

Financial Aid Office Organization and Staffing

The FAO is staffed by fifteen full-time employees. A director and assistant director manage the FAO. In addition, student employees help to administer financial aid programs.

Financial Aid Programs

Institution D offers two basic types of financial assistance:

- Awards for academic achievement without reference to financial circumstances; and
- Scholarships, grants, loans and employment based upon demonstrated financial need.

Financial aid for certain graduate programs is administered separately and is not included in this study. All undergraduate aid is administered by Student Financial Aid. Exhibit A-3 shows that in FY 1982 $10.8 million was delivered to nearly 5,000 student recipients, or an average of $2,176 per student aid recipient.

INSTITUTION E

Background

Institution E is a four-year religiously affiliated private school in the Northwest. It operates on a 4-1-4 academic system, i.e., a four-month fall semester, a one-month winter session, and a four month spring semester. The institution offers both graduate and undergraduate programs. The undergraduate enrollment, the focus of the study of financial aid administration at Institution E, is about 2800. Students from every state in the country and several foreign countries attend Institution E. The campus is located in a residential area in a small city.

Financial Aid Office Organization and Staffing

The Director of Financial Aid, who reports to the Financial Vice President, manages a staff of 12 full-time employees. Four assistant directors manage counseling, records, employment, and scholarship activities. In addition, about thirteen part-time student workers assist in financial aid operations.

Financial Aid Programs

During the 1981-1982 academic year, the FAO administered over $7 million in student assistance (Exhibit A-3). Over 6,000 distinct aid awards were delivered to 1,940 students, for an average aid package of about $3,800.

INSTITUTION F

Background

Institution F is a two-year community college consisting of five geographically dispersed campuses. As part of a state-wide community college system, it was established to ensure tht all individuals in its state are given a continuing, low cost opportunity for the development and extension of their skills and knowledge. Emphasis is on occupational and technical education. Institution F offers certificate and associate degree programs. Its Fall 1982 enrollment was over 35,000, which translates to a full-time equivalent student population of 9,600. Three of its five campuses are located in rural areas while two are in suburban areas.

Financial Aid Office Organization and Staffing

Each campuses has its own financial aid counselor. The counselors report to the business office at each campus. Each counselor is assisted by one or more support staff. The Dean of Student Services for the five-campus system has overall responsibilty for financial aid.

Financial Aid Programs.

Institution F administered financial aid programs that exceeded $3 million in 1982. These funds were delivered to nearly 2,300 students. The average aid package totalled over $1,400.

INSTITUTION G

Background

Institution G is a two-year community college located in suburban community. It offers associate degrees, special academic programs, and remedial services. Its population consists of 93% in-state students. The institution has an open admissions policy. In the Fall of 1981, its full-time student population was over 14,500.

Financial Aid Office Organization and Staffing

The FAO is staffed by 3 full-time employees. It relies heavily upon student workers. Tracking applications, calculating certain awards, and generating award letters have been automated.

Financial Aid Programs

In the 1981-82 academic year, Institution G delivered nearly $2.8 million in financial assistance to approximately 5,800 students. Exhibit A-3 provides detail of dollars awarded and number of recipients by program. Of the institutions surveyed, only Institution G does not administer the NDSL program.

INSTITUTION H

Institution H is a proprietary four-year business college. It is located in an urban area within a large city. Institution H offers associate and bachelor's degrees. In addition, it provides special academic programs and remedial services. In 1982 the institution switched from a clock hour to a credit hour system. Admissions are open although institutional entrance tests are required. In 1981-1982, the average monthly enrollment was 2,054.

Financial Aid Office Organization and Staffing.

A Director of Student Financial Aid manages the FAO, whch is staffed by three professional counselors and three support workers. Student workers assist in financial aid activities.

Financial Aid Programs.

In 1982, financial assistance programs totalled $3.5 million, of which approximately 43% was Pell grants and nearly 50% was guaranteed loans. The average student received $2,660, about one third of the average student budget.

The institution is not typical of most proprietary schools in that it offers two- and four-year programs.

INSTITUTION I

Background

Institution I is a system of 10 propriety institutions located in multiple states in the western part of the country. The schools operate on a clock hour system. Students matriculate monthly into programs that typically last 11 months. This study included two of the ten schools in Institution I's system. The average monthly enrollment for these two schools during the 1981-82 academic year totalled 291.

Financial Aid Office Organization and Staffing

A centralized financial aid office performs many of the financial aid administrative activities. Two full-time professionals, assisted by two part-time support staff, manage the centralized financial aid office. Two additional full-time professionals in the business office handle accounting and collection activities. Typically at the campus level, a Director of Student Services provides student counseling and initial application processing.

Financial Aid Programs

As is typical of proprietary schools, Institution I administers a more limited number of aid programs than other types of institutions surveyed. For FY 1982 students at the two schools of Institution I that were included in this study received over $1 million in financial assistance.

EXHIBITS TO
APPENDIX A

Exhibit A-1

CHARACTERISTICS OF INSTITUTIONS STUDIED

		A	B	C	D	E	F	G	H	I
A.	Type of Institution	4-Year Public	4-Year Public	4-Year Public	4-Year Private	4-Year Private	2-Year Community	2-Year Community	Proprietary	Proprietary
B.	No. of Campuses[a]	5	1	1	1	1	5	1	1	10
C.	Term	Quarter	Semester	Semester	Semester	Semester	Quarter	Semester	Quarter	Monthly
D.	Fall 1981 Enrollment[b]									
	Undergraduate FTE	33,218	11,104	11,458	6,455	2,827	9,632	14,657	2,054	291
	Other FTE	10,890	5,342	941	12,282	1,035	-	-	-	-
	Total FTE	44,108	16,446	12,399	18,737	1,862	9,632	14,657	2,054	291
E.	No. of Eligible Aid Applicants	23,929	2,601	7,060	1,419	1,385	2,767	2,001	1,418	505
F.	Student Budget (FY82)[c]									
	Tuition	$ 1,640	$ 1,746	$ 1,250	$ 4,100	$4,860	$ 384	$ 578	$ 2,010	$ 3,345
	Room & Board	2,245	2,020	1,520	2,900	2,132	3,792	1,100	3,654	2,640
	Transportation	340	185	500	-	486	1,200	600	681	875
	Personal	1,200	700	145	800	1,140	1,282	630	2,560	1,100
	Books & Supplies	270	250	225	300	275	300	200	225	250
	Total	$5,695	$4,901	$3,640	$8,100	$8,891	$6,958	$3,108	$9,230	$8,210

a/ One campus per institution was studied except at Institution F where 5 campuses were studied and at Institution I where 2 campuses were studied.

b/ Average monthly enrollment for proprietary institutions H and I.

c/ Student budgets are weighted averages of in-state vs. out-of-state and residential vs. nonresidential budgets.

Touche Ross & Co.

Exhibit

FINANCIAL AID PR

Program of Aid	A	B	C	D
Pell Grant	Y	Y	Y	Y
National Direct Student Loan	Y	Y	Y	Y
SEOG Grant	Y	Y	Y	Y
College Work Study (Federal)	Y	Y	Y	Y
State Work Study	Y	Y	Y	N
Guaranteed Student Loans/Scholarship	Y	Y	Y	Y
Institutional Scholarships/Grants	Y	Y	Y	Y
Non-institutional Scholarships	Y	Y	Y	Y

Key: Y = Institution administers the program
N = Institution does not administer the program

Exhibit A-2

HANCIAL AID PROGRAMS OFFERED

D	E	F	G	H	I
Y	Y	Y	Y	Y	Y
Y	Y	Y	N	Y	Y
Y	Y	Y	Y	Y	Y
Y	Y	Y	Y	Y	N
N	Y	Y	Y	Y	N
Y	Y	Y	Y	Y	Y
Y	Y	Y	Y	Y	Y
Y	Y	Y	Y	Y	Y

Appendix B

SUMMARY OF SELECTED LITERATURE AND LIST OF SOURCES

Appendix B

SUMMARY OF SELECTED LITERATURE AND LIST OF SOURCES

The purpose of Phase I of this study was to assist the Commission by compiling and reviewing background information and research on the administrative costs of the campus delivery system for financial aid. However, our review of the literature revealed that very little previous research into administrative costs had been conducted. Major sources that we reviewed included:

- Testimony and other material included in the Congressional Record;
- Department of Education evaluation studies;
- GAO reports;
- Special studies or papers commissioned by educational associations (e.g., ACE or NASFAA); and
- Congressional Research Service of the Library of Congress.

In addition, we conducted interviews with representatives of educational associations, the U.S Department of Education and staff from the U.S. House of Representatives Subcommittee on Postsecondary Education.

Much of the literature and information dealt with issues surrounding financial aid administration. One previous survey

of eight institutions was conducted by the National Association of State Universities and Land Grant Colleges. Although the results of the survey were not available, representatives of the association reported that it showed wide variations in administrative costs.

Sources that provided background information on student aid administration and issues surrounding the administration of aid are summarized below.

- Management of Student Aid, published by the National Association of College and University Business Officers, provides information on the financial aid process. It is intended to help senior administration understand the effects of student aid on their institutions, to present the financial aid process and to encourage and promote self-regulatory mechanisms.

- Study of Program Management Procedures in the Basic Grant and Campus-Based Programs, Volume I: The Institutional Management of Student Financial Aid Programs was prepared for the Department of Health, Education and Welfare. It provides information on institutional practices in administering aid programs and includes discussions of financial aid office operation and interfaces between the institutions

and the Federal Government. In addition, this document reviews the history of student aid development.

- Study of the Requirements for Forming Guarantee Agencies in the Guaranteed Student Loan Program, prepared by Touche Ross & Co. for the U.S. Office of Education, provides a framework for site visits and data collection relating to student aid. The purpose of the study was to assist those states planning to implement guarantee agencies by providing information on the operations of existing agencies.

- A Guide to the Development of a Manual of Institutional Financial Aid Policies, prepared by the National Association of Student Financial Aid Administrators, provides guidelines and formats for developing institutional policies and procedures.

- Inconsistencies in Awarding Financial Aid to Students Under Four Federal Programs, a report to the Congress by the Comptroller General, discusses problems contributing to inconsistencies in aid delivery to students. It presents recommendations to deal with factors causing the inconsistencies.

- Better Cash Management Can Reduce the Cost of the National Direct Student Loan Program estimates the costs to the U.S. Government of schools participating in the NDSL program and holding funds in excess of their 30-day needs.

- The NDSL Program Requires More Attention by the Office of Education and Participating Institutions discusses some of the administrative problems of the NDSL program.

- Policy Issues and Delivery Model Options for Department of Education Credit Management/Student Aid Delivery Project presents alternative delivery models for an integrated student aid delivery system. It identifies policy issues that must be decided in coordination with selection of a delivery model.

- Audits of Colleges and Universities is a guide prepared to assist in examining and reporting on financial statements of nonprofit institutions of higher education.

- A Cost Accounting Handbook for Single-Purpose Colleges and Universities, prepared by NACUBO was designed to improve understanding of cost accounting and to illustrate how cost information can improve institutional decision-making.

- Standards of Satisfactory Academic Progress to Maintain Financial Aid Eligibility, prepared by NASFAA, presents a joint statement in conjunction with the American Association of Collegiate Registrars and Admissions Officers on satisfactory progress. The purpose of the statement was to identify elements of good practice which postsecondary institutions should follow to ensure that students continue to receive financial assistance only if they are making satisfactory academic progress.

A bibliography of these and other reference materials relating to administration of student financial aid follows.

BIBLIOGRAPHY

Dickmeyer, Nathan and Hughes, K. Scott, Financial Self-Assessment: A Workbook for Colleges. Washington, D.C.: National Association of College and University Business Officers, 1980

National Association of College and University Business Officers, A Cost Accounting Handbook for Single-Purpose Colleges and Universities, by James A. Hyatt. Washington, D.C.: NACUBO, 1982.

National Association of College and University Business Officers. Management of Student Aid. Washington, D.C.: NACUBO, 1979.

National Association of Student Financial aid Administrators. A Guide to the Development of a Manual of Institutional Financial Aid Policies and Procedures, by Ruth K. Burns. Washington, D.C.: NASFAA, 1981.

National Association of Student Financial Aid Administrators, Institutional Guide for Financial Aid Self-Evaluation. Washington, D.C.: NASFAA, 1979.

National Association of Student Financial Aid Administrators. Standards of Satisfactory Academic Progress to Maintain Financial Aid Eligibility - A Self-Regulation Initiative, Washington, D.C.: NASFAA, 1982.

National Institute of Independent Colleges and Universities. The Initial Impact of the Middle Income Student Assistant Act Upon Undergraduate Student Aid Recipients at Independent Colleges and Universities, by Virginia Ann Hodgkinson. Washington, D.C.: National Institute of Independent Colleges and Universities, 1981.

Touche Ross & Co. Study of the Requirements for Forming Guarantee Agencies in the Guaranteed Student Loan Program. 1978.

Touche Ross & Co. Review and Analysis of Student Loan Market Conditions, Prepared for the Minnesota Higher Education Coordinating Board, 1983.

U.S. Department of Health, Education and Welfare. The NDSL Program Requires More Attention by the Office of Education and Participating Institutions, by G. J. Ahart, Report to the Secretary, HRD-77-109. Washington, D.C.: U.S. Government Printing Office, 1977.

U.S. Department of Education, Office of Program Evaluation. Study of Program Management Procedures in the Basic Grant and Campus-Based Programs. Volume I: The Institutional Administration of Student Financial Aid Programs, by R.T. Deane et. al. Washington, D.C.: U.S. Government Printing Office, 1980.

U.S. Department of Education, Credit Management Project. Policy Issues and Delivery Model Options for Department of Education Credit Management/Student Aid Delivery Project, by R.R. Johnson, et. al. Washington, D.C.: U.S. Government Printing Office, 1982.

U.S. Department of Education, Office of Program Evaluation. Guide to Selected Financial Aid Management Practices, by Scott Miller, et. al. Washington, D.C.: U.S. Government Printing Office, 1980.

U.S. General Accounting Office, Inconsistencies in Awarding Financial Aid to Students Under Four Federal Programs. Report to Congress HRD-79-16. Washington, D.C.: U.S. Government Printing Office, 1979.

U.S. General Accounting Office, Status of Office of Education's National Direct Student Loan Funds at Selected Postsecondary Education Institutions. Report to the Chairman, Committee on the Budget, U.S. Senate. Washington, D.C.: U.S. Government Printing Office, 1978.